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

+ **CS(COMM) 1130/2018 & I.A.No.12863/2018**

**SANDISK LLC & ANR.** ..... Plaintiffs

Through **Mr.Karan Kamra with  
Mr.Prithvi Singh, Advocates.**

versus

**M/S B-ONE MOBILE & ORS.** ..... Defendants

Through **None**

%

Date of Decision: 09<sup>th</sup> April, 2019

**CORAM:**

**HON'BLE MR. JUSTICE MANMOHAN**

### **J U D G M E N T**

**MANMOHAN, J: (Oral)**

1. Present suit has been filed for permanent injunction restraining infringement of trade mark and copyright, rendition of account of profits, damages and delivery up, etc. against the defendants. The prayer clause in the present suit is reproduced hereinbelow:-

*“a) An order for permanent injunction restraining the Defendants, their proprietors/partners, servants, agents and all others in active concert with them from manufacturing, marketing, offering for sale, selling, advertising, directly or indirectly dealing in any product bearing Plaintiff’s registered trademarks ‘SanDisk’, the **SanDisk** logo and the ‘Red Frame Logo’ and/or*

*any mark/s confusingly or deceptively similar thereto, amounting to infringement of the Plaintiffs' registered trademarks as are mentioned in Paragraph 15 of the Plaint.*

*b) An order for permanent injunction restraining the Defendants, their partners/ proprietor, servants, agents and all others in active concert with them from manufacturing, selling, offering for sale, advertising, directly or indirectly dealing in any product packaging identical or deceptively similar to the product packaging of the Plaintiffs' products bearing the registered trademarks 'SanDisk', the  logo and the 'Red Frame Logo' or the Plaintiff's product packaging amounting to infringement of copyright of the Plaintiffs in the said product packaging.*

*c) An order for delivery up to the Plaintiffs by the Defendants of all infringing goods, advertising material, blocks, dies etc. bearing the Plaintiffs' trademarks and/or product literature that appears on its packaging for the purposes of erasure/destruction;*

*d) An order for rendition of accounts of profits directly or indirectly earned by the Defendants from their wrongful conduct and infringing activities and a decree for the amount so found due to be passed in favour of the Plaintiffs;*

*e) A sum of Rs.1,00,01,000/- for a decree of damages as valued for the purposes of this suit towards loss of sales, reputation and goodwill of the Plaintiffs' trademarks caused by the activities of the Defendants;*

*f) An order as to the costs of the proceedings;*

*g) Any further order as this Hon'ble Court may deem fit and proper in the facts and circumstances of the case."*

2. The relevant facts of the present case are that the plaintiff No. 1, a company founded in 1998, is one of the world's largest dedicated provider of flash memory storage solutions under the mark “SANDISK” and has been directly selling its products in the Indian market since 2005. The plaintiff No. 1 designs, develops and manufactures data storage solutions in a range of form factors using the flash memory, controller and firmware technologies. The plaintiff no. 2 is the registered user of the trademarks SanDisk, **SanDisk** logo, Cruzer Blade and the Red Frame Logo.

3. It is stated in the plaint that the plaintiff no. 1’s pioneering flash memory technologies, which are marketed directly to retail consumers and enterprises as well as to other equipment makers, are integrated into and/or used in a wide range of consumer electronic devices i.e. mobile phones, tablets, digital cameras etc. The plaintiff no.1 also spends hundreds of millions of dollars in research and development of their products and on advertising.

4. It is stated in the plaint that the plaintiffs’ possesses both common law trade mark rights as well as trade mark registrations for the mark SanDisk in more than 150 countries worldwide. The said trademark has been in extensive, continuous and uninterrupted use globally since 1995 and in India since 2005 and in addition to the worldwide trademark registrations, the plaintiffs are also the registered proprietor of both, a variety of word marks and device marks in India, including the SanDisk house mark, **SanDisk** logo and the Red Frame logo, since 2003 and 2009 respectively, under Class 9 of the

Trade Marks Act, 1999 and all these trademarks are valid and subsisting.

5. It is averred in the plaint that the plaintiff no. 1 sells memory cards with a unique packaging. The key elements of the product packaging are described hereinbelow:-

- a. Red product packaging with white lettering.
- b. A “Red Frame Logo” which describes the capacity of the memory card on the top right corner.
- c. The **SanDisk** logo in a unique font in white lettering prominently at the bottom.

6. Learned counsel for the plaintiffs states that in August, 2018, it came to the knowledge of the plaintiffs’ that unauthorized third parties, in the Gandhipuram area of Coimbatore, were marketing and selling counterfeit microSDHC cards bearing identical trademarks and packing as the plaintiffs’ products.

7. Learned counsel for the plaintiffs states that the investigator also noticed that the premises of the defendant no.1 was a mobile accessory shop and was engaged in marketing and selling of counterfeit microSDHC cards bearing identical trademarks and packaging as that of the plaintiffs’ and also sold a deceptively similar product bearing the mark ‘Zeenjer Digital’.

8. He states that the investigator also purchased some samples of the memory cards along with a ‘Kaccha’ invoice. He states that the analysis of the sample products obtained from defendant no. 1 were

confirmed to be counterfeit by the plaintiffs. He further states that the defendant no.1 also disclosed that it owned another shop operating in the same vicinity. A photographic comparison of the original SanDisk products of the plaintiffs' and the counterfeit products of the defendants' is reproduced hereinbelow:-

| Original Product of the Plaintiffs                                                  | Counterfeit Products of Defendant No.1                                               |
|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
|   |   |
|  |  |

| Original Product Packaging<br>Of the Plaintiffs                                   | Products packaging Of<br>Defendant No.1                                            |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
|  |  |

9. Learned counsel for the plaintiffs states that following features further make it apparent that the aforesaid products of the defendants are pirated/counterfeit: -

- a) Low quality printing-Images featured on the product packaging of both the microSDHC cards are less sharp and the colour quality both on the front and back of the said packaging has been heavily compromised.
- b) Blister packaging of the microSDHC cards marketed and sold by defendant no.1 has sharp corners and hence the counterfeit products are not fitted properly.
- c) The counterfeit 16 GB microSDHC cards of the defendants come in simple plastic packaging. The plastic packaging of the counterfeit 16 GB microSDHC cards do not contain the unique code/serial number and symbols as are borne on the plaintiffs' products.
- d) Key elements and information as contained on the original

and genuine product packaging of the plaintiffs is also missing in the defendants' counterfeit products.

- e) The counterfeit YouTube Go micro SDHC cards being marketed and sold by defendant no.2 shop do not come with a User Guide which is an essential component of the product packaging of all original YouTube Go cards of the plaintiffs being marketed and sold under the trademark 'SanDisk'.

10. Vide order dated 20<sup>th</sup> September, 2018, this Court granted an *ex parte ad interim* injunction in favour of the plaintiffs and appointed Local Commissioners to visit the premises of the defendants. The relevant portion of the *ex-parte* injunction order is reproduced hereinbelow:-

*“Consequently, till further orders, the defendants, their proprietors, partners, servants, agents and all others in active concert with them are restrained from manufacturing, marketing, offering for sale, selling, advertising, directly or indirectly dealing in any product or any product packaging bearing the plaintiffs' registered trademarks SanDisk, the **SanDisk** logo and the Red Frame Logo and/or any mark/s confusingly or deceptively similar in any manner whatsoever.”*

11. The Local Commissioner Mr. Ashwin Sapra visited the premises of the defendant nos.1 and 3 on 26<sup>th</sup> September, 2018 and seized a total of 277 microSDHC cards and a total of 73 microSDHC cards respectively bearing the plaintiffs' SANDISK trademark/product

packaging. The seized products were sealed by the Local Commissioner and were given on *Superdari* to the defendants.

12. The Local Commissioner Ms. Rashi Sureka visited the premises of the defendant no. 4 on 26<sup>th</sup> September, 2018 and seized a total 475 infringing products bearing the plaintiffs' SANDISK trademark/product packaging. The seized products were sealed by the Local Commissioner and were given on *Superdari* to the defendant.

13. The Local Commissioner Ms. Pallavi Singh Rao visited the premises of the defendant nos.5 to 8 on 26<sup>th</sup> September, 2018 and seized the following infringing materials :-

| Sl. No. | Name of Defendant | Quantity of infringing goods seized and sealed                                                                                                                                                          |
|---------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | Defendant no. 5   | 62 infringing/counterfeit 'SanDisk' microSD, microSDHC cards and USB flash drives                                                                                                                       |
| 2.      | Defendant no. 6   | 6 infringing/counterfeit 'SanDisk' USB flash drives and<br><br>17 Zeenjer Digital microSD cards (bearing a deceptively similar product packaging as the Plaintiffs' 'SanDisk' microSDHC/microSD cards). |
| 3.      | Defendant no. 7   | 6 infringing/ counterfeit 'SanDisk' USB flash drives                                                                                                                                                    |
| 4.      | Defendant no. 8   | 144 infringing/counterfeit 'SanDisk' microSD adaptors.                                                                                                                                                  |

14. Vide order dated 29<sup>th</sup> November, 2018, the defendant no.1 was proceeded *ex parte* and the suit was decreed qua defendant no.2 in

accordance with paragraph 61 (a) and (b) of the plaint as well as the settlement terms mentioned in I.A.16305/2018.

15. On 29<sup>th</sup> November, 2018 upon an impleadment application filed by the plaintiffs, certain traders operating in the Gandhipuram market area of Coimbatore from whom counterfeit/infringing products bearing plaintiffs' trademark/trade dress "SanDisk" had been seized, were impleaded as defendant nos.3 to 8.

16. On 06<sup>th</sup> March, 2019, the defendant nos.3 to 8 were proceeded *ex parte*.

17. The plaintiffs have filed their *ex parte* evidence by way of affidavit of Mr. Vishal Vig (PW1/A) the Constituted Attorney of the Plaintiffs. In his affidavit, PW1 has deposed as under:-

"12.....

a) *Actual lost sales:*

*If the quality seized by the local commissioner is the stock for 15 days (considering the fast-moving nature of the products), and the Defendants have been doing business for at least 3 months prior to the institution of the present suit and the grant of the ex parte ad interim injunction by this Hon'ble Court, the actual value of the Defendants' products have been computed below:-*

Defendant No. 1 :

| <i>Particulars of Products</i>     | <i>Price of Original product (INR)</i> | <i>Quantity discovered during the Local Commission</i> | <i>Total Cost</i> |
|------------------------------------|----------------------------------------|--------------------------------------------------------|-------------------|
| <i>277 Zeenjer Digital MicroSD</i> | <i>450</i>                             | <i>277</i>                                             | <i>1,24,650/-</i> |
| <i>Total</i>                       |                                        | <i>277 pieces</i>                                      | <i>1,24,650/-</i> |

*The value of stocks for 3 months would be INR 1,24,650 X 6 = INR 7,47,900/-*

*Defendant No. 3 :*

| <i>Particulars of Products</i>       | <i>Price of Original product (INR)</i> | <i>Quantity discovered during the Local Commission</i> | <i>Total Cost</i> |
|--------------------------------------|----------------------------------------|--------------------------------------------------------|-------------------|
| <i>4 GB Zeenjer Digital MicroSD</i>  | <i>310</i>                             | <i>24</i>                                              | <i>7,440/-</i>    |
| <i>8 GB Zeenjer Digital MicroSD</i>  | <i>350</i>                             | <i>25</i>                                              | <i>8,750/-</i>    |
| <i>16 GB Zeenjer Digital MicroSD</i> | <i>590</i>                             | <i>11</i>                                              | <i>6490/-</i>     |
| <i>32 GB Zeenjer Digital MicroSD</i> | <i>900</i>                             | <i>13</i>                                              | <i>11,700/-</i>   |
| <i>Total</i>                         |                                        |                                                        | <i>34,380/-</i>   |

*The value of stocks for 3 months would be INR 34,380 X 6 = INR 2,06,280/-*

*Defendant No. 4 :*

| <i>Particulars of Products</i> | <i>Price of Original product (INR)</i> | <i>Quantity discovered during the Local Commission</i> | <i>Total Cost</i> |
|--------------------------------|----------------------------------------|--------------------------------------------------------|-------------------|
| <i>8 GB microSDHC cards</i>    | <i>350</i>                             | <i>171</i>                                             | <i>59,850/-</i>   |

|                               |            |            |                   |
|-------------------------------|------------|------------|-------------------|
| <i>16 GB microSDHC cards</i>  | <i>590</i> | <i>3</i>   | <i>1,770/-</i>    |
| <i>32 GB microSDHC cards</i>  | <i>900</i> | <i>23</i>  | <i>20,700/-</i>   |
| <i>4 GB microSDHC cards</i>   | <i>310</i> | <i>87</i>  | <i>26,970/-</i>   |
| <i>4 GB USB Flash Drives</i>  | <i>303</i> | <i>27</i>  | <i>8181/-</i>     |
| <i>8 GB USB Flash Drives</i>  | <i>330</i> | <i>25</i>  | <i>8250/-</i>     |
| <i>16 GB USB Flash Drive</i>  | <i>350</i> | <i>17</i>  | <i>5,950/-</i>    |
| <i>32 GB USB Flash Drives</i> | <i>431</i> | <i>122</i> | <i>52,582/-</i>   |
| <i>Total</i>                  |            | <i>475</i> | <i>1,84,253/-</i> |

*The value of stocks for 3 months would be INR 1,84,253 X 6 = INR 11,05,518/-*

*Defendant No. 5 :*

| <i>Particulars of Products</i> | <i>Price of Original product (INR)</i> | <i>Quantity discovered during the Local Commission</i> | <i>Total Cost</i> |
|--------------------------------|----------------------------------------|--------------------------------------------------------|-------------------|
| <i>4 GB USB Flash Drives</i>   | <i>303</i>                             | <i>6</i>                                               | <i>1,818/-</i>    |
| <i>16 GB microSDHC cards</i>   | <i>590</i>                             | <i>11</i>                                              | <i>6490/-</i>     |
| <i>16 GB USB Flash Drives</i>  | <i>350</i>                             | <i>5</i>                                               | <i>1,750/-</i>    |
| <i>8 GB USB Flash Drives</i>   | <i>330</i>                             | <i>8</i>                                               | <i>2,640/-</i>    |

|                         |       |           |                 |
|-------------------------|-------|-----------|-----------------|
| 32 GB USB Flash Drives  | 431   | 11        | 4,741/-         |
| 64 GB USB Flash Drives  | 950   | 1         | 950/-           |
| 1 Dual Drive (32 GB)    | 599   | 1         | 599/-           |
| 32 GB microSDHC cards   | 900   | 15        | 13,500/-        |
| 8 GB microSDHC cards    | 350   | 3         | 1,050/-         |
| 32 GB Xpand Flash Drive | 2,399 | 1         | 2,399/-         |
| <b>Total</b>            |       | <b>62</b> | <b>35,937/-</b> |

The value of stocks for 3 months would be INR 35,937 X 6 = INR 2,15,622/-

Defendant No. 6 :

| Particulars of Products      | Price of Original product (INR) | Quantity discovered during the Local Commission | Total Cost      |
|------------------------------|---------------------------------|-------------------------------------------------|-----------------|
| 64 GB USB Flash Drives       | 950                             | 6                                               | 5700/-          |
| 8 GB Zeenjer Digital MicroSD | 350                             | 7                                               | 2450/-          |
| 4 GB Zeenjer Digital MicroSD | 310                             | 10                                              | 3100/-          |
| <b>Total</b>                 |                                 | <b>23</b>                                       | <b>11,250/-</b> |

The value of stocks for 3 months would be INR 11,250 X 6 = INR 67,500/-

Defendant No. 7 :

| <i>Particulars of Products</i> | <i>Price of Original product (INR)</i> | <i>Quantity discovered during the Local Commission</i> | <i>Total Cost</i> |
|--------------------------------|----------------------------------------|--------------------------------------------------------|-------------------|
| <i>64 GB USB Flash Drives</i>  | <i>950</i>                             | <i>6</i>                                               | <i>5700/-</i>     |
| <i>Total</i>                   |                                        | <i>6</i>                                               | <i>5700/-</i>     |

*The value of stocks for 3 months would be INR 5,700 X 6 = INR 34,200/-*

Defendant No. 8 :

*13. I am advised to say that Defendant No. 8 was marketing and selling 144 infringing loose counterfeit/infringing microSD adaptors. I say that the Plaintiffs do not sell microSD adaptors loose or in a standalone manner but as a combo product i.e. coupled with the SanDisk card reader. The original combo product retails at INR 770/-. I am advised to state that if the infringing/counterfeit stock is valued at INR 770/- each, the value of the said stocks for 3 months would be = 770 X 144 X 6 = 6,65,280/-."*

18. This Court is of the view that due to extensive use, the plaintiffs' mark SANDISK, **SanDisk** logo and Red Frame logo have acquired reputation and goodwill globally as well as in India.

19. Keeping in view the pleadings, documents as well as evidence on record, this Court is also of the view that the defendants are using the registered trade mark SANDISK of the plaintiffs and its product

packaging to sell counterfeit products with a view to trade upon and benefit from the reputation and goodwill of the plaintiffs' mark and pass off its services as that of the plaintiffs.

20. Consequently, the allegation that the trademark SANDISK,  logo and Red Frame logo used by defendants' amounts to infringement of plaintiffs' trademarks is correct. The use of the plaintiffs' mark by the defendants is bound to cause incalculable losses, harm and injury to the plaintiffs and immense harm to the public in general.

21. The Coordinate Benches of this Court in *M/s General Electric Company v. Mr. Altamas Kha & Others CS(OS) No. 1283/2006 decided on 18.12.2008* and *Microsoft Corporation v. Yogesh Papat & Anr. 118 (2005) DLT 580* have granted compensatory damages based on certain assumptions of sales. The relevant portions of the said judgments are reproduced hereinbelow:-

A) *M/s General Electric Company v. Mr. Altamas Kha & Others CS(OS) No. 1283/2006 decided on 18.12.2008:*

*"13. The next question which arises is of the claim of the plaintiff for damages. The Chartered Accountant engaged by the plaintiff by his unrebutted evidence assessed the loss caused to the plaintiff to be of Rs.25 lac. The claim for damages in the plaint was however confined to Rs.20 lac only. As aforesaid, 23 Dehumidifiers were seized by the court commissioner from the premises of the defendants and were left in the superdari of the defendant No.1... The evidence of the plaintiff shows that the defendant was selling each Dehumidifier for approximately Rs.25,000/-. The defendant avoided to show his books of accounts also. From large consignment of 23 Dehumidifiers seized from the premises of the defendants, it is apparent that the*

*defendant No.1 was dealing in large volumes. The cost of the Dehumidifiers to the defendants has not been established but considering that in the last few years, the return on investments in stocks and mutual funds itself has been in excess of 15%, it can safely be assumed that the defendants would be carrying CS(OS) No.1283/2006 Page 9 of 10 on business for returns in excess of return on investments in stocks and mutual funds. Following the said principle I assume that the defendants had a margin of 22 to 25% at least on each Dehumidifier i.e. of over Rs.5,000/- on each Dehumidifier. On this basis I consider the award of damages in the sum of Rs.10 lacs as appropriate.*

**B) *Microsoft Corporation v. Yogesh Papat & Anr. 118 (2005) DLT 580:***

*“6. Plaintiff has also affidavit by way of evidence of Shri Sanjiv Sharma, a Chartered Accountant. Said evidence brings on record and proves the following:*

xxxx                      xxxx                      xxxx                      xxxx

*(iii) On the assumption that the defendant sell approximately 100 computers a year, which is purely assumptive, on the further assumption that keeping in view the operating systems Windows 1998, 400 computers would be loaded with said system, lesser sales of the other software, assumption would be that 200 computers and 20 computers respectively were loaded with the Software Office 2000 STD and Visual Studio 6.0, on the cost per unit of the licensed software estimated loss of business to the plaintiff comes to Rs. 64 lacs.*

xxxx                      xxxx                      xxxx                      xxxx

*12. Though assumptive i.e. based on the assumption of sale of 100 computers each year and on the basis of the popularity of the computer software, as also sold computers being loaded with the pirated software, loss of profit to the plaintiff in sum of Rs. 19.75 lacs stands established.*

*13. It may be true that the financial loss is based on certain assumption, but it cannot be helped for the reason*

*the defendant has chosen to remain ex parte.”*

22. Consequently, the suit is decreed in favour of the plaintiffs and against defendants in terms of clauses (a) and (b) of para 61 of the plaint along with costs. The costs shall amongst others include the lawyers' fees as well as the amounts spent on purchasing the court fees. The Bill of Cost already filed by the plaintiff shall be scrutinised by the learned Registrar. The plaintiffs are also held entitled to compensation of Rs.7,47,900/- to be paid by the defendant no.1, Rs.2,06,280/- by the defendant no.3, Rs.11,05,518, /- by the defendant no.4, Rs.2,15,622/- by the defendant no. 5, Rs.67,500/- by the defendant no.6, Rs.34,200/- by the defendant no.7 and Rs.6,65,280/- by the defendant no.8.

23. 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 plaintiffs are not entitled to any punitive damages.

24. The defendants shall hand over the goods seized by the Local Commissioners to an authorised representative of plaintiffs for destruction within three weeks.

25. Registry is directed to prepare a decree sheet accordingly. The present suit stands disposed of in the above terms.

**MANMOHAN, J**

**APRIL 09, 2019**  
**KA**