



C.S. No.334 of 2018

IN THE HIGH COURT OF JUDICATURE AT MADRAS

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|                        |            |
|------------------------|------------|
| Judgment reserved on   | 09.02.2022 |
| Judgment pronounced on | 08.06.2022 |

CORAM

The Hon'ble Mr. Justice **SENTHILKUMAR RAMAMOORTHY**

**Civil Suit (Comm.Div) No.334 of 2018**

Netsweeper Inc.,  
A company having its registered office at  
Suite 4, 156 Columbia Street W.,  
Waterloo, Ontario,  
Canada, N2L 3L3  
Rep. by its authorised signatory  
Mr.N.Krishnan

... Plaintiff

vs.

1.Netsweeper Technologies Private Limited,  
CIN:U72900TN2005PTC057943,  
having registered office at No.5-11-1,  
Arihant Majestic Towers, J N Road,  
100 Feet Road, Koyambedu,  
Chennai – 600 107.

2.Mr.C.Gajapathy,  
Director and Shareholder,  
Netsweeper Technologies Private Limited,  
Having office at No.5-1-1,  
Arihant Majestic Towers, J N Road,  
100 Feet Road, Koyambedu,  
Chennai – 600 107.



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3. Mrs. Haritha Gajapathy,  
Director and Shareholder,  
Netsweeper Technologies Private Limited,  
having office at No.5-1-1,  
Arihant Majestic Towers, J N Road,  
100 Feet Road, Koyambedu,  
Chennai – 600 107.

4. Netsweeper Technologies India Private Limited,  
CIN:U72900TN2017PTC117540,  
Having registered office at  
No.4B, Soundarya Apartments,  
Mel Ayanambakkam Main Road,  
Mel Ayanambakkam, Chennai - 600 095.

5. Mr. Jagdeesh Sengodappa,  
Director and Shareholder,  
Netsweeper Technologies India Private Limited,  
Having registered office at  
No.4B, Soundarya Apartments,  
Mel Ayanambakkam Main Road,  
Mel Ayanambakkam, Chennai - 600 095.

6. Mr. Senthamaraikannan Pradeepkannan  
Director and Shareholder,  
Netsweeper Technologies India Private Limited,  
Having registered office at  
No.4B, Soundarya Apartments,  
Mel Ayanambakkam Main Road,  
Mel Ayanambakkam, Chennai - 600 095.

... Defendants

Civil Suit is filed under Order VII Rule 1 of the Code of Civil Procedure, 1908 r/w Order 4 Rule 1A of the Original Side Rules and Section 134 (1)(C) of the Trademarks Act, 1999 praying that (a) the Defendant Nos.1 to 6 be ordered and directed jointly or severally to pay to the Plaintiff,



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a sum of INR 1,00,00,000/- (Indian Rupees one crore only) as damages for passing off its products of software or service as and for the Plaintiff's products or software of services by wrongfully associating themselves with the Plaintiff and / or its affiliates;

(b) Permanent injunction restraining the Defendants, its / their men, servants, agents, successors in business retailers, legal representatives, assigns or any other person claiming through or under them, from in any manner, whatsoever, using or otherwise dealing with the trademark / trade name NETSWEEPER owned by the Plaintiff and / or any identical or deceptively similar trademark / tradename to that of NETSWEEPER in any manner whatsoever;

(c) Permanent injunction restraining the Defendant Nos.1 to 6 its / their men, servants, agents, successors in business retailers, legal representatives, assigns or any other person claiming through or under them, from in any manner, using, selling, licensing, or offering services, advertising or otherwise dealing with the trademark / tradename NETSWEEPER owned by the Plaintiff and / or any identical or deceptively similar trademark / tradename to that of NETSWEEPER and thereby passing off their products or software or programs or services as and for the products or software or services of the Plaintiff in any manner whatsoever;

(d) Permanent injunction restraining the Defendants, its / their men, servants, agents, successors in business retailers, legal representatives, assigns or any other person claiming through or under them, from in any manner or through any other entity, contacting the customers of the Plaintiff



for providing services by wrongfully associating themselves with the Plaintiff / or its affiliates;

(e) The Defendants be directed and ordered to surrender to the Plaintiff for destruction, the name boards, invoice / bills, prints, letter heads, business cards, advertising materials and any other materials in the Defendant's possession, which bears the trademark / tradename NETSWEEPER of the Plaintiff.

(f) The Defendant Nos.1, 2 and 3 be directed to pay the outstanding invoice payable to the Plaintiff towards the fee for the software license availed by the first Defendant for the period from April,2017 to December, 2017 vide invoice No.2111 dated 31.12.2017 for a sum of Canadian Dollars (CAD)51753.01 and for the period from January,2018 to March, 2018 vide invoice No.2121 dated 31.03.2018 for a sum of Canadian Dollars (CAD)42604.04, totalling to Canadian Dollars (CAD) 94357.09 together with interest at 18% per annum until the date of re-payment of the entire amount.

(g) A preliminary decree be passed in favour of the Plaintiff directing the Defendant Nos. 1 to 6 to render account of all revenues whether in liquid form or as assets by diverting the revenues by use of the identical and / deceptively similar trademark / tradename NETSWEEPER and / or passing off and (ii) a final decree be passed in favour of the Plaintiff for the entire amount of revenues including assets purchased out of the revenue thus found to have been made by the Defendant Nos.1 to 6 after the latter have rendered accounts;



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(h) The Defendants 1 to 3 be ordered and directed to pay to the Government of India, including but not limited to, a sum of Rs.43,48,631(Rupees Forty Three Lakhs, Forty Eight Thousand, Six hundred and thirty only) with additional interest and penalty towards the service tax debts owed to the Government of India by the first Defendant and for costs of the suit.

For Plaintiff : Mr.Arun C.Mohan  
Asstd. By Mr.S.Aravindan  
for M/s.Fox Mandal & Associates

For Defendants : No appearance

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

The suit was filed for permanent injunctions to restrain the Defendants from infringing the Plaintiff's corporate name 'NETSWEEPER' and from passing off the Defendants' products as that of the Plaintiff's. The Plaintiff has also prayed for damages in a sum of Rs.1,00,00,000/-.

2. In spite of service of summons on all the six Defendants, Defendants 4 to 6 did not enter appearance. Therefore, Defendants 4 to 6 were set *ex parte* on 26.06.2019. As far as Defendants 1 to 3 are concerned, their right to file written statement was forfeited on 24.08.2020 and they were, subsequently, set *ex parte* on 10.09.2020. Pursuant thereto, the Plaintiff adduced *ex parte* evidence through N.Krishnan, an employee of the



Plaintiff, who was examined as P.W.1. 31 documents were exhibited as Ex.P1 to Ex.P31 through P.W.1.

3. The Plaintiff states that it is a company incorporated in the year 1999 under the laws of Ontario, Canada, and engaged in the business of Internet content filtering and web threat management. According to the Plaintiff, the trademark 'NETSWEEPER' was registered by the Plaintiff under classes 9 and 42 in Canada and USA in the year 2003 and 2006, respectively. The trade mark was subsequently renewed on 14.02.2017 and 18.11.2016, respectively. Further, the Plaintiff states that it is in the process of applying for registration of the said trade mark in India.

4. The suit was filed after discovering that the 4<sup>th</sup> Defendant had incorporated a company under the corporate name 'NETSWEEPER' on 13.07.2017 with the same objects as the first Defendant, which previously had a licence to use the corporate name 'NETSWEEPER'. The Plaintiff asserts that the above act amounts to passing off of the Plaintiff's goodwill and reputation. The incorporation certificate, Memorandum and Articles of Association of the Defendants 1 and 4 were exhibited as Exs.P1, P2, P6 and



P7 to corroborate the said contention. The Plaintiff has exhibited several communications and invoices to prove that the licence was terminated and regarding the amounts outstanding from the first Defendant to the Plaintiff. The Plaintiff has also exhibited the employment contracts of the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants with the Plaintiff as Ex.P4 and Ex.P5 and their respective termination letters as Ex.P19 and Ex.P20.

5. On examining the plaint, proof affidavit and Exs.P9 to P11, the Plaintiff has established that it is the registered proprietor of the Trademark in Canada and USA under classes 9 and 42. Even though it has not registered the trade mark in India, the common law remedy of passing off is available to the Plaintiff under Section 134(1)(c) of the Trademarks Act, 1999. Consequently, the Plaintiff is entitled to succeed as regards prayers (c) to (f), (h) and (j). As the Plaintiff has failed to adduce evidence on the loss of profit incurred because of the incorporation of the 4<sup>th</sup> Defendant, prayer (a) relating to damages is denied. Since the mark 'NETSWEEPER' is not a registered trade mark in India, prayer (b) is denied. As regards prayer (g), in the absence of accounts from the defendant, the



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profits and the court fee thereon cannot be ascertained and paid. Therefore, prayer (g) is rejected.

6. Accordingly, Civil Suit (Comm.Div) No.334 of 2018 is decreed in terms of prayers (c) to (f), (h) and (j) of paragraph 22 of the plaint. The Defendants are also directed to pay the Plaintiff a sum of Rs.3,00,000/- (Rupees three lakhs only) as costs, which includes court fees of about Rs.1,59,000/-, lawyer's fees and other costs.

**08.06.2022**

**Index : Yes**  
**Internet : Yes**  
**rrg**

**Plaintiff's witness:**

1. Mr.N.Krishnan : P.W.1

**Documents exhibited by the Plaintiff:**

| Sl.No | Exhibits | Date       | Particulars of Documents               |
|-------|----------|------------|----------------------------------------|
| 1.    | Ex.P1    | 26.10.2005 | Memorandum and Articles of Association |



| Sl.No | Exhibits | Date                           | Particulars of Documents                                                                                                                               |
|-------|----------|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.    | Ex.P2    | 03.11.2005                     | Incorporation Certificate of the first Defendant Company.                                                                                              |
| 3.    | Ex.P3    | 13.05.2018                     | Master Data of the first Defendant Company                                                                                                             |
| 4.    | Ex.P4    | 10.10.2005                     | Employment Contract given to the second Defendant.                                                                                                     |
| 5.    | Ex.P5    | 01.04.2009                     | Employment contract given to the 3 <sup>rd</sup> Defendant.                                                                                            |
| 6.    | Ex.P6    | 12.07.2017                     | Incorporation Certificate of the 4 <sup>th</sup> Defendant Company                                                                                     |
| 7.    | Ex.P7    | 12.07.2017                     | Memorandum and Article of Association of the 4 <sup>th</sup> Defendant Company.                                                                        |
| 8.    | Ex.P8    | 13.05.2018                     | Master Date of the 4 <sup>th</sup> Defendant Company                                                                                                   |
| 9.    | Ex.P9    | 07.03.2006                     | Certificate of Registration of Trademark.                                                                                                              |
| 10.   | Ex.P10   | 18.11.2016                     | Renewed of registration of Trademark obtained in the United States of America                                                                          |
| 11.   | Ex.P11   | 14.02.2017                     | Renewal of registration of Trademark obtained in Canada                                                                                                |
| 12.   | Ex.P12   | 01.01.2018<br>to<br>31.01.2018 | Bank Statement of the first Defendant Company                                                                                                          |
| 13.   | Ex.P13   | 21.03.2018                     | Email between the Plaintiff and the 2 <sup>nd</sup> and 3 <sup>rd</sup> Defendants.                                                                    |
| 14.   | Ex.P14   | 21.03.2018                     | Email thread between the Plaintiff and its customers notifying termination of license of the first Defendant Company                                   |
| 15.   | Ex.P15   | 22.03.2018                     | Email thread between the Plaintiff and one of its primary customers notifying them about the termination of the license of the first Defendant Company |



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| Sl.No | Exhibits | Date                                        | Particulars of Documents                                                                                                                     |
|-------|----------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| 16.   | Ex.P16   | 28.03.2010                                  | Representation by the Plaintiff to the Government of India notifying the misconduct of non-remittance of service tax by the first Defendant. |
| 17.   | Ex.P17   | 05.04.2018                                  | Reply by the Government of India for the representation of the Plaintiff.                                                                    |
| 18.   | Ex.P18   | 07.05.2018                                  | Cease and Desist notice issued by the Plaintiff to Defendants 1 to 3                                                                         |
| 19.   | Ex.P19   | 08.05.2018                                  | Termination letter issued by the Plaintiff to the 2 <sup>nd</sup> Defendant.                                                                 |
| 20.   | Ex.P20   | 08.05.2018                                  | Termination letter issued by the Plaintiff to the third Defendant.                                                                           |
| 21.   | Ex.P21   | April, 2015<br>-<br>Dec, 2017               | Invoices withheld by the Defendants 1 to 3.                                                                                                  |
| 22.   | Ex.P22   | -                                           | Bank Statement provided by the Defendants 1 to 3.                                                                                            |
| 23.   | Ex.P23   | 22.03.2018                                  | Board Resolution of the Plaintiff                                                                                                            |
| 24.   | Ex.P24   | 31.12.2017                                  | Invoice No.2111 raised by the Plaintiff on the first Defendant.                                                                              |
| 25.   | Ex.P25   | 31.03.2018                                  | Invoice No.2121 raised by the Plaintiff in the first Defendant Company.                                                                      |
| 26.   | Ex.P26   | 31.12.2017                                  | Email sent by the Plaintiff to the Defendants 1 to 3.                                                                                        |
| 27.   | Ex.P27   | 10.05.2018<br>08.06.2018<br>&<br>22.06.2018 | Counter foil provided by the banker of the first Defendant Company.                                                                          |



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| Sl.No | Exhibits | Date                           | Particulars of Documents                                 |
|-------|----------|--------------------------------|----------------------------------------------------------|
| 28.   | Ex.P28   | -                              | Certificate of Incorporation pursuant to change of name. |
| 29.   | Ex.P29   | 16.08.2010<br>to<br>22.07.2019 | Bank Statement of the first Defendant Company            |

**Defendants' documents :**

NIL

SKRJ



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**SENTHILKUMAR RAMAMOORTHY, J**

rrg

**Pre-Delivery Judgment**

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**08.06.2022**