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Cont.P.No.680/2019

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON 11.04.2022

DELIVERED ON 07.06.2023

CORAM

THE HONOURABLE MR. JUSTICE S.S.SUNDAR

AND

THE HONOURABLE MR. JUSTICE P.B.BALAJI

Cont.P.No.680/2019 & Sub.Appln.No.170/2019

ITC Limited
ITC Centre 4th Floor
760 Anna Salai
Chennai 600 002.
rep.by its Constituted Attorney
Mr.Nripendranath Thakur

.. Petitioner

Versus

1.Golden Tobacco Limited
6th Floor, Laxmi Bhavan
609, Mount Road
Chennai 600 006,
rep.by its Directors
Mr.A.K.Joshi
6th Floor, Laxmi Bhavan
609, Mount Road
Chennai 600 006.



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Mr.Jaskaran S.Khurana
6th Floor, Laxmi Bhavan
609, Mount Road
Chennai 600 006.

Mr.Bharat B. Merchant
6th Floor, Laxmi Bhavan
609, Mount Road
Chennai 600 006.

Mr.V.K.Bhandari
6th Floor, Laxmi Bhavan
609, Mount Road
Chennai 600 006. **[given up]**

..

Ms.Kokila Panchal
6th Floor, Laxmi Bhavan
609, Mount Road
Chennai 600 006.

.. Respondent

Prayer:- Contempt Petition filed under Section 11 of the Contempt of Courts Act 70 of 1971 to punish the respondent for contemptuous and willful disobedience of the injunction order dated 26.07.2018 passed by this Court in OSA.Nos.260/2015 against OS.Nos.1069, 1070 & 1071/2015 in CS.No.801/2015 which is subsisting till date.

For Petitioner	:	Mr.C.Manishankar Senior Counsel for Mr.Arun.C.Mohan
For Respondent	:	Mr.S.P.Chockalingam



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ORDER

S.S.SUNDAR, J.,

(1)The above Contempt Petition is filed by plaintiff in the suit in C.S.No.801 of 2015, who is also the appellant in O.S.A.No.260, 261 and 262 of 2015, alleging willful disobedience of the order passed by this Court, dated 26.07.2018, in O.S.A.Nos.260, 261 and 262 of 2015.

(2)Brief facts that are necessary for the disposal of this Contempt Petition are as follows :

(a)The petitioner in the Contempt Petition is a company having its registered office at Kolkatta and branch office at Anna Salai, Chennai. The petitioner is a reputed company in cigarette business from 1910. The petitioner filed the suit in C.S.No.801 of 2015 for the following reliefs :

- i. *a permanent injunction restraining the defendant themselves, their directors, successors-in-business, servants, agents, distributors, dealers, stockists, wholesalers, retailers, shop keepers, representatives, assigns and all other persons claiming through them from manufacturing, selling and distributing, advertising cigarettes and/or other rallied and cognate goods*



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amounting to infringement of the plaintiff's registered trademarks and in violation of the undertaking given in CS.No.477/1990 and CS.No.478/1990 and the Consent Decree passed in CS.No.477/1990 and CS.No.478/1990 in any manner whatsoever.

- ii. A permanent injunction restraining the restraining the defendant themselves, their directors, successors-in-business, servants, agents, distributors, dealers, stockists, wholesalers, retailers, shop keepers, representatives, assigns and all other persons claiming through them from manufacturing, selling and distributing, advertising cigarettes and/or other allied and cognate goods amounting to passing off their goods as and for the goods of the plaintiff or as being in some way connected with the plaintiff and/or in any manner whatsoever ;*
- iii. restraining the defendant themselves, their directors, successors-in-business, servants, agents, distributors, dealers, stockists, wholesalers, retailers, shop keepers, representatives, assigns and all other persons claiming through them from manufacturing, selling and distributing, advertising cigarettes and/or other allied and cognate goods from committing acts of copyright infringement by making substantial reproduction of the plaintiff's copyright in the Gold Flake labels by use of identical and / or deceptively similar colour scheme and/or in any manner whatsoever ;*



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- iv. the defendant be ordered to surrender the plaintiff's for destruction all goods advertisement materials, packing materials, cartons, wrappers, labels in respect of cigarettes and other allied/cognate goods containing the offending label or any other mark similar to plaintiff's trademark/labels Gold Flake;*
 - v. the defendant be ordered to pay to the plaintiff a sum of Rs.1,00,00,000/- as damages for committing acts of infringement of trademark and passing off ;*
 - vi. a preliminary decree be passed in favour of the plaintiff directing the defendants to render true and faithful account of profits earned by them by use of offending label for cigarettes, and a final decree be passed in favour of the plaintiffs for the amount of profits thus found to have been made by the defendants after the latter have rendered accounts ;*
 - vii.for entire costs of the suit and*
 - viii.pass such further and other orders as this Hon'ble Court may deem fit and necessary under the facts and circumstances of the case.*
- (b) In the plaint, it is the case of the petitioner that it has acquired immense reputation in relation to its high quality cigarette and tobacco products marketed under a wide range of well known trade



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marks which are “GOLD FLAKE, CLASSIC, INDIA KINGS, etc. It is the case of the petitioner that its annual turnover in 2014-15 is around Rs.49,965 Crores. It is their further case that one of the popular cigarettes sold by the plaintiff is by using the trademark 'GOLD FLAKE' for more than a century. It is the case of the petitioner that it has been regularly and extensively using the trademark 'GOLD FLAKE' and the trademark 'GOLD FLAKE' and its variants are registered under the Trademarks Act and the registrations are subsisting.

(c) It is the specific case of the petitioner in the plaint that the dominant theme underlying the 'GOLD FLAKE' trade dress for the purpose of suit has been identified with the following features:

- i. Presence of Roundel Device
- ii. Use of red colour for the Roundel Device
- iii. Trademark “GOLD FLAKE” encased inside the Roundel Device
- iv. GOLD FLAKE written in black colour
- v. Use of red-black and red colour combination.



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(d) It is contended by the plaintiff that the products of plaintiff have achieved iconic status in consumers' consciousness, such that any cigarette/cigarette pack bearing the mark 'GOLD FLAKE' with or without any other word and/or the roundel device is immediately associated as being cigarettes coming from the plaintiff's stable. It is stated that its trademark 'GOLD FLAKE' is the most recognized brand in India. It is also stated that consumers identify and/or demand plaintiff's cigarettes by reference to the trademark 'GOLD FLAKE' or the distinctive 'GOLD FLAKE' labels as a whole and/or the distinctive trade dress i.e., design, layout, get-up, and colour scheme etc. According to the petitioner, the gross sales of plaintiff's products using trademark "GOLD FLAKE" is more than Rs.11,946 Crores even in the year 2015-2016.

(e) The defendant in the suit is also a manufacturer of cigarettes in India and defendant markets its cigarettes under brand names Panama, Flair and Chancellor. Though the defendant also obtained registration of the 'GOLD FLAKE' label with different combinations and features, it



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is the case of plaintiff that the defendant was always trying to pass off their goods taking advantage of the word “GOLD FLAKE”. It is stated that the defendant started selling their products earlier by imitating the labels of plaintiff. The misuse of trademark 'GOLD FLAKE' was the cause of action for the plaintiff to file a suit earlier in Civil Suit in No.988 of 1979 against the defendant before Calcutta High Court and it is stated that the said suit was disposed of by settlement. Again two suits were filed by petitioner before this Court in CS.Nos.477 and 478 of 1990 regarding infringement of its labels and it is admitted that the suits were decreed in terms of two Memoranda of Compromise on 18.07.2003. It is stated that the respondent agreed not to use the labels or marks or any mark similar to the labels of the plaintiff's marks. However, it is admitted that the respondent was permitted to use the package with GOLDEN'S GOLD FLAKE letters around the roundel with a lion inside. It is seen that the offending labels which are not to be used by respondent has similarities with plaintiff's labels by printing the words GOLD



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FLAKE in rectangular box just in the middle of the roundel. Stating that the respondent has again slavishly copied/imitated features from the plaintiff's product and caused great confusion amongst the consumers with an intention to trade upon the immense reputation of plaintiff, the suit was filed for the reliefs extracted above.

(3) During the pendency of the suit, the plaintiff filed three applications in O.A.Nos.1069 to 1071 of 2015 in C.S.No.801 of 2015 for the following reliefs :

- a) *A temporary interim injunction restraining the respondent, themselves, their directors, their directors, successors-in-business, servants, agents, distributors, dealers, stockists, wholesalers, retailers, shop keepers, representatives, assigns and all other persons claiming through them from manufacturing, selling and distributing, advertising cigarettes and/or other allied and cognate goods amounting to infringement of the applicant's registered trademarks and in violation of the undertaking given in CS.Nos.477 and 478/1990 and the consent decree passed in CS.Nos.477 & 478/1990 in any manner whatsoever, pending disposal of the suits ;*
- b) *a temporary interim injunction restraining the respondent, themselves, their directors, their directors, successors-in-business,*



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servants, agents, distributors, dealers, stockists, wholesalers, retailers, shop keepers, representatives, assigns and all other persons claiming through them from manufacturing, selling and distributing, advertising cigarettes and/or other allied and cognate goods amounting to passing off their goods as and for the goods of the applicant or as being in some way connected with the applicant and/or in any manner whatsoever, pending disposal of the suit ; and

c) a temporary interim injunction restraining the respondent, themselves, their directors, their directors, successors-in-business, servants, agents, distributors, dealers, stockists, wholesalers, retailers, shop keepers, representatives, assigns and all other persons claiming through them from manufacturing, selling and distributing, advertising cigarettes and/or other allied and cognate goods from committing acts of copyright infringement by making substantial reproduction of the applicant's copyright in the Gold Flake labels by use of identical and/or deceptively similar colour scheme and/or in any manner whatsoever, pending disposal of the suit.

(4) The Interlocutory Applications were contested by the respondent on merits by filing a detailed counter affidavit. Learned Single Judge of this Court dismissed the three applications after referring to the compromise decree in C.S.Nos.497 and 498 of 1990. The learned Single Judge, by



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observing that both parties made periodical changes to their trade dress and label, and after referring to the fact that, even according to the petitioner, the colour scheme and trade dress have been subjected to variations on multiple occasions subsequent to the judgment in C.S.No.497 and 498 of 1990, held that the labels which were the subject matter of C.S.Nos.497 and 498 of 1990 are not the labels in respect of which the applicant is complaining.

(5) Aggrieved by the judgment of the learned Single Judge, the plaintiff preferred three appeals in O.S.A.Nos.260, 261 and 262 of 2015.

(6) A Division Bench of this Court consisting of then Hon'ble the Chief Justice and Hon'ble Mr. Justice Abdul Quddhose, allowed all the three Appeals by a detailed order dated 26.07.2018. The following are the findings while granting interim injunctions in all the three applications:-

"6.1. The plaintiff is indisputably the prior user of the trademark 'GOLD FLAKE' and the dominant theme over which the plaintiff claimed exclusivity in the prior suits is almost identical to the dominant theme in the present proceedings.



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6.2. *In the previous suit, the respondent has given an undertaking to the Court that it will not use the label and mark being Annexure 'D' to the plaint or any mark similar to it or any mark similar to the labels of plaintiff being Annexure 'A' and 'B' to the plaint. The respondent is entitled to use the mark being Annexure 'C' to the plaint.*

6.3. *There are striking similarities between the labels which the respondent / defendant was barred from using under the Compromise Decrees in the previous suits and the labels which are subject matter of the present infringement suit in CS.No.801/2015 between the same parties.*

6.4. *Being a competitor and in order to dilute the appellant/plaintiff's trademark, the defendant has come close to the plaintiff's registered trademark by copying the distinctive features of the plaintiff's trademark. The defendant cannot use the word GOLD FLAKE in its label as the plaintiff is the owner of the GOLD FLAKE brand.*

6.5. *Though the defendant has obtained registration of the trademark DIAMOND INDIAN GOLD FLAKE and for few other variants, that will not*



enable the defendant to use the mark GOLD FLAKE without the words DIAMOND INDIAN as GOLD FLAKE brand is absolutely owned by the plaintiff who is also the prior user.

6.6.The contention of plaintiff that defendant has not used the mark GOLD FLAKE as an honest and bona fide one, but has used it sporadically, clandestinely and solely to ride upon the goodwill of the plaintiff in its trademark GOLD FLAKE is acceptable.

6.7.Even the addition of the word GOLDEN'S to GOLD FLAKE will not legitimize the use by the defendant in view of the orders passed in the previous proceedings to the effect that the addition is not a distinguishing factor that may be kept in the mind of the purchasing public. The defendant has failed to show that it is a honest, regular, open and bona fide user of the trademark GOLDEN'S GOLD FLAKE.

6.8.The contention of defendant that the cause of action in the suit does not survive in view of the notification issued by Government of India requiring the cigarette manufacturers to print the prescribed pictorial warning covering 85% of both the sides of the



pack cannot be accepted as the infringement will become more prominent since there will be only 15% usage space for advertisement of the label.

6.9.The distinguishing features of the plaintiff's trademark has been copied by the defendant, which includes the name GOLD FLAKE and the defendant has certainly committed infringement of the plaintiff's trademark by copying the distinctive features including the name GOLD FLAKE.

6.10.Since the plaintiff is the exclusive proprietor of the mark GOLD FLAKE, 'GOLDEN'S GOLD FLAKE' which is deceptively similar will certainly deceive the customers into believe that that GOLDEN'S GOLD FLAKE also belongs to the plaintiff

6.11.In passing of action, it is also to be seen whether the defendant's mark or its get-up, packing etc., contains any additional features which distinguish it from the plaintiff's mark or goods and whether it is likely or reasonably probable that the defendant can pass of his goods as that of the plaintiff to a purchaser of average intelligence and imperfect memory or reflection. When the plaintiff and defendant are engaged in same business, there is a strong prima facie



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case of passing off. The plaintiff has made out a strong prima case and the balance of convenience is in favour of orders of injunction being made as prayed for by the plaintiff.

6.12.As against the order allowing the appeals namely, OSA.Nos.260 to 262/2015, granting interim injunctions in all the original applications pending CS.No.801/2015, the defendant preferred SLP.Nos.23133 to 23135/2018 before Hon'ble Supreme Court. Hon'ble Supreme Court by order dated 07.09.2018 disposed of the Special Leave Petition in the following lines:-

"In the present case, the Division Bench of the Madras High Court has upset the judgment passed by the learned Single Judge and has found deceptive similarity in the general get up and packaging of the two products in question.

Having heard arguments on both sides for sometime, we are not inclined to interfere with the judgment of the Division Bench of the High Court except to state that, in the meanwhile, it will be permissible for the



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petitioner to use the same packaging as is contained in the Compromise Decrees at page Nos.136 and 146 of the SLP paper book.

Learned Senior counsel appearing on behalf of the respondent has brought to our notice that a rectification application is pending. Nothing stated either in our order or in the modified judgment of the High Court will stand in the way of the application, which should be decided on its own merits.

The suit will be decided on its own merits without regard to the observations by the Division Bench or by this Court.

The special leave petitions are disposed of accordingly.

Pending application also stands disposed of."

(7)The respondents are advertising the modified GOLDEN'S GOLD FLAKE packs which were specifically held to be infringing the petitioner's trademark on its website www.goldentobacco.in From the website, the petitioner appears to have discovered that the respondent/Company has launched a virtually identical pack bearing a



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deceptively similar trade dress with the words "GOLDEN'S GOLD FLAKE" or "GOLDEN'S GOLD" written thereon. Alleging willful disobedience of the order in the three appeals granting interim injunctions, the above contempt petition is filed by plaintiff. The Directors of the respondent Company were also shown as parties in this contempt petition. The previous Bench while admitting the contempt petition, directed the Registry to issue statutory notice to one of the Director's registered office. However, despite notice, neither the directors nor any counsel appeared and hence, this Court was constrained to issue a bailable warrant against Mr.A.K.Joshi, a Director of respondent Company by order dated 09.08.2021. Time for executing the warrant was extended by three weeks by order dated 06.09.2021. This Court, by order dated 29.09.2021, after recording events, directed all the contemnors to appear before Court through Video Conferencing. However, the matter was not listed for some time. When the contempt petition was listed on 20.07.2022, learned counsel appearing for respondents 1, 2 and 4 reported no instructions and hence, Registry was directed to issue



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bailable warrant to the 1st Director, Mr.A.K.Joshi and to issue statutory notice to rest of the Directors returnable by 22.08.2022. On 22.08.2022, Mr.A.K.Joshi was present before Court and the learned counsel appearing for all the respondents ensured the presence of other Directors on 05.09.2022. Hence, the matter was adjourned to 05.09.2022 and the presence of Mr.A.K.Joshi was dispensed with. On 05.09.2022 Mr.Jaskaran S.Khurana, one of the Directors alone was present. It was represented by the learned counsel for all the respondents to dispense with the presence of all the Directors citing their age and submitted that the respondents will file an affidavit with regard to compliance of the order on 06.09.2022. Recording the same, appearance of all the contemnors was dispensed with. On 06.09.2022, learned counsel appearing for contemnors submitted that the respondent Company is in liquidation and that the petitioner's labels are not being used by respondents. He sought for time to file proper affidavit on 12.09.2022. By directing the Directors to appear before this Court through video conferencing on 12.09.2022, the matter was adjourned on 06.09.2022



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after noting that the offending labels were seen on the website of respondent. On 12.09.2022, some of the Directors of the respondent Company appeared through video conferencing. It was represented by the learned counsel for the respondent Company that the label has been completely altered and that the respondent is not using the offending label mentioned in the affidavit. It was further represented that the alleged infringing trademarks had already been removed from the company's website. The presence of the condemnors was dispensed with, while the matter was adjourned to 21.09.2022 for orders. Thereafter, the matter was listed before this Bench on 06.04.2023. Since the learned Senior counsel for the petitioner reported that the respondents have not removed the offending packages from their website, this Court directed the Directors of the respondent company to be present on 11.04.2023. When the matter was listed on 11.04.2023, the learned counsel for the respondent Company submitted that he is ready to argue the matter even without any affidavit as undertaken earlier on the premise that the contempt petition is nothing but vexatious and does not lie in view of the



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order passed in Special Leave Petition preferred against the order allowing the Original Side Appeals. The learned counsel for the petitioner and respondent argued the matter elaborately and this Court reserved orders on 11.04.2023 after hearing the respective learned counsels.

(8) In the affidavit filed in support of the contempt petition, the petitioner has made the following allegations against the respondent / Company:-

- A) The respondents are advertising the modified GOLDEN'S GOLD FLAKE packs which were specifically held to be infringing the petitioner's trademark, on its website www.goldentobacco.in.*
- B) From the website, the petitioner discovered that the respondent has launched a virtually identical pack bearing a deceptively similar trade dress with the words "GOLDEN'S GOLD" written thereon.*
- C) The respondent / Company has made four applications in respect of the trademark "Golden's Gold Flake" on 05.10.2018 after the order of injunction on 26.07.2018. The labels that are permitted to be used as per the order of the Hon'ble Supreme Court in the Special Leave*



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Petition, are completely different from the applications presented by the respondent / Company.

D) The respondent Company has admitted the use of modified "Golden's Gold Flake" packs and the "Golden's Gold" packs. Use of "Golden's Gold Flake" packs by the respondent/Company after the order of injunction is a flagrant violation of order dated 26.07.2018.

(9) The learned Senior counsel for the petitioner has filed a typed set containing the images of the packages that are sold in the market by the respondent / Company as on 10.12.2018, 08.09.2022, 06.09.2022 and 06.04.2023. The learned Senior counsel pointed out that the labels that are permitted to be used by the respondent/Company as per the Compromise Decree in CS.Nos.477 & 478/1990 are entirely different. He pointed out that the permission granted to the respondent/Company by the Hon'ble Supreme Court is an old label where the words "Gold Flake" is printed below the roundel device and at the top of the label, the word "Golden's" is printed in red colour letters. The learned Senior counsel further submitted that the respondent/Company at present, is advertising



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and selling their products in packages printing '*Gold Flake*' predominantly in utter disregard to the order of this Court and is passing off its goods as that of the products of the petitioner.

(10)The learned Senior counsel for the petitioner submitted that the use of "*Gold Flake*" which is quite contrary to the label that was permitted by the Hon'ble Supreme Court, is intentional. Learned Senior counsel further submitted that the respondent/Company is going on advertising and selling the products with the trademark "*Golden's Gold Flake*" or '*Gold Flake*' without any distinguishing features with an intention to deceive public and this is wilful disobedience of the directions of this Court. The words "*Golden's Gold Flake*" found in the respondent's website, as on date is objectionable and it shows the respondent's scant regard for the Court orders. Further, the application for registration of "*Golden's Gold Flake*" trademark, which is deceptively similar to the trademark that was used by the respondent/Company earlier but prohibited by of Court is also contumacious. Though the learned Senior counsel for the petitioner admitted that there is difference between the



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label that was the subject matter of the interlocutory applications and the label which is now shown in the website of the respondent/Company, learned Senior counsel submitted that they are deceptively similar in the absence of any indication as regards identity of manufacturer. Learned Senior counsel submitted that the petitioner has filed rectification petitions before the Intellectual Property Appellate Board [IPAB] and the rectification application seeking removal of the registered trademark under section 57 read with 47 of the Trademarks Act, 1999, are allowed and therefore, the respondent/Company has no right to use the word "Gold Flake". Referring to the order passed by the Hon'ble Division Bench of this Court earlier allowing the three applications, the learned Senior counsel for the petitioner submitted that this Court granted injunction in all the three applications thereby the respondent/Company is enjoined from :-

a) manufacturing, selling and distributing, advertising cigarettes and/or other allied and cognate goods amounting to infringement of the applicant's registered trademarks and in violation of the undertaking given in CS.Nos.477 and 478/1990 and the consent



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decree passed in CS.Nos.477 & 478/1990 in any manner whatsoever, pending disposal of the suits ;

b) manufacturing, selling and distributing, advertising cigarettes and/or other allied and cognate goods amounting to passing off their goods as and for the goods of the applicant or as being in some way connected with the applicant and/or in any manner whatsoever, pending disposal of the suit ; and

c) manufacturing, selling and distributing, advertising cigarettes and/or other allied and cognate goods from committing acts of copyright infringement by making substantial reproduction of the applicant's copyright in the Gold Flake labels by use of identical and/or deceptively similar colour scheme and/or in any manner whatsoever, pending disposal of the suit.

(11) Referring to the findings in the order of Division Bench and the Hon'ble Supreme Court, the learned counsel further submitted that the respondent/Company was permitted to use the trademark as found in the package and not the word *GOLD FLAKE* without the distinguishing features.

(12) Surprisingly, neither the respondent/Company nor its Directors filed any counter. Learned counsel for the respondent submitted that the respondent Company need not file any counter as the petition for



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contempt is liable to be dismissed even on the face of it and on the facts admitted in the affidavit filed in support of the contempt petition. The learned counsel appearing for the respondent/Company and its Directors raised a preliminary objection as to the maintainability of the contempt petition. It is submitted by the learned counsel for the respondent that all actions relating to Intellectual Property should be heard by the Intellectual Property Appellate Board and this Court cannot hear the petition for contempt. Learned counsel for the respondent submitted that the order of this Court has merged with the order of Hon'ble Supreme Court. In view of the merger by virtue of the order passed by the Hon'ble Supreme Court, the order of this Court in OSA.Nos.260 to 262/2015 does not exist and therefore, the contempt petition, if at all can be maintained only before the Hon'ble Supreme Court and not before this Court.

(13) Learned counsel for the respondent/Company submitted that much water has flown under the bridge in view of the statutory developments. Learned counsel contended that there is statutory prohibition to use more than 15% of the space in the package both front and back in view of the



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statutory requirement to print the picture and the statutory warning covering 85% of the space in the package. It is in these altered circumstances, the learned counsel submitted that the respondent has only printed the roundel and the letters "*Gold Flake*" side by side in stead of the roundel and letters "*Gold Flake*" as found in the package permitted to be used by the respondent. Finally, the learned counsel for the respondent submitted that there is no willful disobedience. He would submit that assuming that the print of the roundel or "*Gold Flake*" is not similar to the label which was permitted to be used by respondent/Company, the impugned label which is relied upon by the petitioner in the contempt proceedings, cannot be taken as intentional so as to allege contempt.

(14) This Court heard the submissions of the learned counsels on either side and also perused the materials placed.

(15) This Court is unable to countenance the arguments of the learned counsel for the respondent that the contempt petition is not maintainable on the ground that every action relating to intellectual property should be



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heard only by IPAB. The power of this Court to punish anyone for willful disobedience of order passed by this Court, is not only an inherent power under Article 215 of the Constitution of India ; but also a statutory power in exercise of its original jurisdiction vested under a special statute namely "Contempt of Courts Act, 1971". Learned counsel for the respondent is unable to show any provision that would exclude the jurisdiction of this Court even to initiate action for contempt in a case of this nature, where there is specific allegation against respondents that they are guilty of wilful disobedience of order of this Court in the Original Side Appeals.

(16)The second submission of the learned counsel for the respondent is on the "doctrine of merger". Learned counsel for the respondent relied upon the judgment of the Hon'ble Supreme Court in the case of ***Jhareswar Prasad Paul and Others Vs Tarak Nath Ganguly and Others*** reported in ***AIR 2002 SC 2215 : 2002 [5] SCC 352***, wherein the Hon'ble Supreme Court has considered the scope of contempt proceedings in the following lines:-



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"13.The purpose of contempt jurisdiction is to uphold the majesty and dignity of the courts of law, since the respect and authority commanded by the courts of law are the greatest guarantee to an ordinary citizen and the democratic fabric of society will suffer if respect for the judiciary is undermined. The Contempt of Courts Act, 1971 has been introduced under the statute for the purpose of securing the feeling of confidence of the people in general for true and proper administration of justice in the country. The power to punish for contempt of court is a special power vested under the Constitution in the courts of record and also under the statute. The power is special and needs to be exercised with care and caution. It should be used sparingly by the courts on being satisfied regarding the true effect of contemptuous conduct. It is to be kept in mind that the court exercising the jurisdiction to punish for contempt does not function as an original or appellate court for determination of the disputes between the parties. The contempt jurisdiction should be confined to the question whether there has been any deliberate disobedience of the order of the court and if the



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conduct of the party who is alleged to have committed such disobedience is contumacious. The court exercising contempt jurisdiction is not entitled to enter into questions which have not been dealt with and decided in the judgment or order, violation of which is alleged by the applicant. The court has to consider the direction issued in the judgment or order and not to consider the question as to what the judgment or order should have contained. At the cost of repetition, be it stated here that the court exercising contempt jurisdiction is primarily concerned with the question of contumacious conduct of the party, which is alleged to have committed deliberate default in complying with the directions in the judgment or order. If the judgment or order does not contain any specific direction regarding a matter or if there is any ambiguity in the directions issued therein then it will be better to direct the parties to approach the court which disposed of the matter for clarification of the order instead of the court exercising contempt jurisdiction taking upon itself the power to decide the original proceeding in a manner not dealt with by the court passing the judgment or order. If this limitation is borne in mind then criticisms



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which are sometimes levelled against the courts exercising contempt of court jurisdiction “that it has exceeded its powers in granting substantive relief and issuing a direction regarding the same without proper adjudication of the dispute” in its entirety can be avoided. This will also avoid multiplicity of proceedings because the party which is prejudicially affected by the judgment or order passed in the contempt proceeding and granting relief and issuing fresh directions is likely to challenge that order and that may give rise to another round of litigation arising from a proceeding which is intended to maintain the majesty and image of courts.”

(17)Learned counsel then relied upon the decision of the Hon'ble Supreme Court in the case of ***The Commissioner of Income Tax, Bombay Vs. Amritlal Bhogilal and Company*** reported in ***AIR 1958 SC 868***, wherein the Hon'ble Supreme Court has held as follows:-

"10. There can be no doubt that, if an appeal is provided against an order passed by a Tribunal, the decision of the appellate authority is the operative decision in law. If the appellate authority modifies or



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reverses the decision of the tribunal, it is obvious that it is the appellate decision that is effective and can be enforced. In law, the position would be just the same even if the appellate decision merely confirms the decision of the Tribunal. As a result of the confirmation or affirmance of the decision of the tribunal by the appellate authority the original decision merges in the appellate decision and it is the appellate decision alone which subsists and is operative and capable of enforcement ; but the question is whether this principle can apply to the Income-Tax Officer's order granting registration to the respondent."

(18)The learned counsel then relied upon the judgment of the Hon'ble Supreme Court by a Three Member Bench in the case of ***Abbai Maligai Partnership Firm and Others Vs. K.Santhakumaran and Others*** reported in ***AIR 1999 SC 1486 : 1998 [7] SCC 386***, wherein the Hon'ble Supreme Court has held as follows:-

"4. The manner in which the learned Single Judge of the High Court exercised the review jurisdiction, after



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the special leave petitions against the selfsame order had been dismissed by this Court after hearing learned counsel for the parties, to say the least, was not proper. Interference by the learned Single Judge at that stage is subversive of judicial discipline. The High Court was aware that the SLPs against the orders dated 7-1-1987 had already been dismissed by this Court. The High Court, therefore, had no power or jurisdiction to review the selfsame order, which was the subject-matter of challenge in the SLPs in this Court after the challenge had failed. By passing the impugned order on 7-4-1994, judicial propriety has been sacrificed. After the dismissal of the special leave petitions by this Court, on contest, no review petitions could be entertained by the High Court against the same order. The very entertainment of the review petitions, in the facts and circumstances of the case, was an affront to the order of this Court. We express our strong disapproval and hope there would be no occasion in the future when we may have to say so. The jurisdiction exercised by the High Court, under the circumstances, was palpably erroneous. The respondents who approached the High Court after the dismissal of their



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SLPs by this Court, abused the process of the court and indulged in vexatious litigation. We strongly deprecate the matter in which the review petitions were filed and heard in the High Court after the dismissal of the SLPs by this Court. The appeals deserve to succeed on that short ground. The appeals are, consequently, allowed and the impugned order dated 7-4-1994 passed in the review petitions is hereby set aside. The respondents shall pay Rs 10,000 as costs."

(19)Learned counsel for the respondent also relied upon the judgment of a learned Single Judge of this Court in the case of ***G.Devanathan Vs. Selvam, General Manager, Tamil Nadu State Transport Corporation Limited in Contempt Petition No.1045/2020*** dated ***12.03.2021*** wherein it is held that the order passed in the writ petition gets merged in the order of writ appeal and that the remedy available to the petitioner is to file a contempt in the writ appeal and not in the writ petition.

(20)None of the judgments cited before this Court by the learned counsel for the respondent will have relevance or application to the facts of the present case. This Court is confined to the issue whether there is wilful disobedience of order of this Court. The Larger Bench of the Hon'ble



Supreme Court in the case of ***Kunhayammed and Others Vs. State of Kerala and Others*** reported in **2000 [6] SCC 359 : AIR 2000 SC 2587**, has considered the scope of merger. The position is summarised in paragraph No.44 of the judgment, which is extracted below for convenience:-

44. *To sum up, our conclusions are:*

- (i) Where an appeal or revision is provided against an order passed by a court, tribunal or any other authority before superior forum and such superior forum modifies, reverses or affirms the decision put in issue before it, the decision by the subordinate forum merges in the decision by the superior forum and it is the latter which subsists, remains operative and is capable of enforcement in the eye of law.*
- (ii) The jurisdiction conferred by Article 136 of the Constitution is divisible into two stages. The first stage is upto the disposal of prayer for special leave to file an appeal. The second stage commences if and when the leave to appeal is granted and the special leave petition is*



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converted into an appeal.

(iii) The doctrine of merger is not a doctrine of universal or unlimited application. It will depend on the nature of jurisdiction exercised by the superior forum and the content or subject-matter of challenge laid or capable of being laid shall be determinative of the applicability of merger. The superior jurisdiction should be capable of reversing, modifying or affirming the order put in issue before it. Under Article 136 of the Constitution the Supreme Court may reverse, modify or affirm the judgment-decree or order appealed against while exercising its appellate jurisdiction and not while exercising the discretionary jurisdiction disposing of petition for special leave to appeal. The doctrine of merger can therefore be applied to the former and not to the latter.

(iv) An order refusing special leave to appeal may be a non-speaking order or a speaking one. In either case it does not attract the doctrine of merger. An order refusing special leave to appeal does not stand substituted in place of the



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order under challenge. All that it means is that the Court was not inclined to exercise its discretion so as to allow the appeal being filed.

(v) If the order refusing leave to appeal is a speaking order, i.e., gives reasons for refusing the grant of leave, then the order has two implications. Firstly, the statement of law contained in the order is a declaration of law by the Supreme Court within the meaning of Article 141 of the Constitution. Secondly, other than the declaration of law, whatever is stated in the order are the findings recorded by the Supreme Court which would bind the parties thereto and also the court, tribunal or authority in any proceedings subsequent thereto by way of judicial discipline, the Supreme Court being the Apex Court of the country. But, this does not amount to saying that the order of the court, tribunal or authority below has stood merged in the order of the Supreme Court rejecting the special leave petition or that the order of the Supreme Court is the only order binding as res judicata in subsequent proceedings between the



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parties.

(vi) Once leave to appeal has been granted and appellate jurisdiction of Supreme Court has been invoked the order passed in appeal would attract the doctrine of merger; the order may be of reversal, modification or merely affirmation.

(vii) On an appeal having been preferred or a petition seeking leave to appeal having been converted into an appeal before the Supreme Court the jurisdiction of High Court to entertain a review petition is lost thereafter as provided by sub-rule (1) of Rule 1 of Order 47 CPC.

(21) As indicated by the Hon'ble Supreme Court and as can be inferred from paragraph No.43 [iv] and 43[v] of the above cited judgment, this Court is of the view that the submission of the learned counsel for the respondent is quite contrary to the principles reiterated by the Hon'ble Supreme Court in the later judgment. Even though the view expressed by the earlier Three Member Bench in ***Abbai Malligai Partnership Firm's case*** reported in ***AIR 1999 SC 1486***, may not go well with the latter judgment of Hon'ble Supreme Court in ***Kunhayammed's case*** reported in ***AIR***



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2000 SC 2587 as regards scope of review after dismissal of Special Leave Petition, the latter judgment of Hon'ble Supreme Court is more specific, convincing and binding on the principle of merger. Already this Court allowed the interlocutory applications filed by the petitioner and granted injunction on three counts and it is not in dispute. However, the Hon'ble Supreme Court while confirming the order of this Court in the applications seeking leave to appeal on 07.09.2018 in SLP [C] Nos.23133 to 23135/2018, has held as follows:-

"In the present case, the Division Bench of the Madras High Court has upset the judgment passed by the learned Single Judge and has found deceptive similarity in the general get-up and packaging of the two products in question.

Having heard arguments on both sides for sometime, we are not inclined to interfere with the judgment of the Division Bench of the High Court except to state that, in the meanwhile, it will be



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permissible for the petitioner to use the same packaging as is contained in the compromise decrees at page Nos.136 and 146 of the SLP paper book."

(22) This Court is unable to apply the Doctrine of Merger as the Hon'ble Supreme Court confirmed the order of Division Bench except the clarification which was felt necessary in view of previous compromise decree and hence, the submission of the learned counsel for the respondent is contrary to the principles reiterated by the Hon'ble Supreme Court in the judgment in ***Kunhayammed's case [cited supra]***.

(23) The judgment of the Hon'ble Supreme Court in ***Abbai Malligai Partnership Firm's case [cited supra]***, is in a different context. The Hon'ble Supreme Court in the latter judgment has considered the scope of Article 136 of the Constitution of India. The judgment of co-equal Bench relied upon by the learned counsel for the petitioner in ***Kunhayammed's case*** is more relevant in this case. It is to be noted that in the later judgments, the decision in ***Abbai Malligai Partnership Firm's case*** is also considered. It is not open to the respondent to file a



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review application after the grant of leave by Hon'ble Supreme Court.

But that judgment has no application to the case on hand where the petitioner had the benefit of the order of Division Bench considering the case on merits. If the petitioner proves the allegations in the contempt petition, this Court will certainly punish the respondent for committing contempt by wilful disobedience of the order of this Court, when the order was confirmed without granting leave by Hon'ble Supreme Court and there is no question of merger. The permission to use the packages is clarificatory in nature and it cannot be said that the order of this Court does not exist.

(24) Similarly, the judgment of the Hon'ble Supreme Court in ***The Commissioner of Income Tax Vs. Amritpal Bhoomilal*** reported in ***AIR 1958 SC 868***, has no application to the case on hand where the respondent was not granted leave by the Hon'ble Supreme Court and the order of this Court was confirmed without granting leave to the respondent. The Hon'ble Supreme Court has interpreted the scope of Articles 136 and 141 of the Constitution of India and made a seminal



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distinction purposively. As observed by the Hon'ble Supreme Court in the case decided by the Larger Bench, the jurisdiction under Article 136 is divisible into two stages. Unless the special leave to file an appeal is granted, the SLP will not be converted into an appeal. The Doctrine of Merger comes only at the later stage and not when the application to leave is dismissed. Therefore, the contempt petition has to be considered on merits.

(25) On the question whether the respondent/Company represented by its Directors had committed contempt, this Court noticed the subsequent change on account of developments due to legislation. As admitted by the learned counsels on either side, the petitioner as well as the respondent/Company are required to print their trademarks in a small portion, that is, up to 15% of the space in every cigarette packet. Under Rule 3[b] of the Cigarettes and Other Tobacco Products [Packaging and Labelling] Rules, 2008, it is mandatory that the health warning should cover at least 85% of the principal display area of the package. It appears that the respondent is now taking advantage of reduction of space to print



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the word '*GOLD FLAKE*' without the distinguishing features. Even the respondent in the permitted package indicate the manufacturer's name. The submission of the learned counsel for the petitioner is acceptable that the roundel and "*Gold Flake*" printed in the offending packet manufactured and sold by the respondent/Company is not the label in respect of which the respondent was permitted to use in the cigarette pack manufactured by them as per the Compromise Decree and as per the order of Hon'ble Supreme Court.

(26) It is admitted that this Court has specifically agreed with the petitioner while disposing of the Original Side Appeals that the defendant has not used the mark "*Gold Flake*" as an honest and bona fide user, but has used it sporadically and clandestinely and solely to ride upon the goodwill of the plaintiff in its trademark "*Gold Flake*". While allowing the Original Side Appeals, this Court noticed that the petitioner is the prior user and is having registration of its trademark ever since 1942. The Division Bench of this Court consciously held that the distinctive features of the plaintiff's trademark has been copied by the defendant which includes the



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name "*Gold Flake*". It has been found by the Division Bench that the respondent has committed infringement of plaintiff's trademark by copying the distinctive features including the name "*Gold Flake*". Having suffered a judgment by this Court earlier, the respondent is bound to comply with the direction and to abide by the order of injunction which was granted purely on merits. Even though this Court is not inclined to go into the allegation that the respondent has committed contempt on account of certain applications being filed before statutory Forum, the petitioner has indicated in paragraph No.13 of the Common Affidavit filed on behalf of the petitioner, the way in which the letters "*Gold Flake*" printed in the packets of respondent is deceptively similar and that the respondent Company has used "*Golden's Gold Flake*" in their label with slight variation with a clear intention to mislead the public and to pass off their goods as goods that are manufactured and marketed by the petitioner. The learned Senior counsel for the petitioner showed the offending packages in the respondent's website even on the last hearing.

(27) In view of change of circumstances – reduction of space available in



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packages, the respondent's label objected by the petitioner will certainly mislead the public as the deceptive similarity will be more prominent in the absence of identity of the manufacturer or respondent's offending package. The respondent therefore, has violated the interim order of injunction granted by this Court restraining the respondent from manufacturing, selling and distributing by making substantial reproduction of the applicant's copyright in the Gold Flake label by use of identical word '*GOLD FLAKE*' without any distinguishing features. The respondent may have some difficulty in displaying their package label as permitted in the Compromise Decree and by order of Hon'ble Supreme Court within the reduced space. That cannot be a valid reason to disobey the orders of injunction. The various labels found in the website of respondent Company using *GOLD FLAKE* without any distinguishing features as on date falsify the contention of the learned counsel for the respondent/Company.

(28)The respondent has now produced before this Court, the recent label



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[package] used by them. After statutory requirement to restrict the space only up to 15%, the respondent appears to have taken advantage of and printed the words "*Gold Flake*" and its roundel without even disclosing the identity of manufacturers to mislead the public. The package that is produced before this Court is admitted by the respondent's counsel that it is their label. The label shows that the words "*Gold Flake*" is printed in the bottom of the packet at the centre. On the left side, the roundel with the letters "*Golden's*" is printed. The trademark which is permitted to be used by the respondent earlier, is now splitted into two parts and printed sidewise. The petitioner and the respondent use the same colour and words while printing the statutory warnings. Similarly, the words "*Gold Flake*" at the bottom without any specific details about the manufacturer will certainly mislead the public. This appears to be intentional in utter disregard to the orders of this Court. Despite the learned counsel for the respondent's undertaking to file affidavit regarding compliance of orders earlier on 05.09.2022 and later reporting that petitioner's labels are not being used on 06.09.2022 and the infringing trademarks had been



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removed from their website, the respondent has neither filed an affidavit nor removed the infringing packages from their website.

(29) Hence, this Court finds that the respondent/Company has willfully violated the order of this Court and that the defence that they are using the permitted label with slight modifications is not appealing to this Court to hold that there is no willful disobedience.

(30) As a result, this Court finds that there is willful disobedience of the order of injunction granted by this Court. Merely because of subsequent statutory requirement as indicated by the learned counsels on either side, this Court is unable to hold in favour of respondent/Company and its Directors.

(31) Learned Senior Counsel appearing for the petitioner submitted that the respondent has always been in the habit of copying every label and mark and distinctive features introduced by the petitioner with an intention to pass off their goods as if the goods sold by them are the goods manufactured by the petitioner. This Court is not inclined to go into that.



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The Division Bench has considered in detail, the volume of business done by the petitioner as well as the respondent throughout India. The words "*Gold Flake*" is not a common trademark. Unless the distinctive features are also visibly seen or printed in the label, the usage of the word "*Gold Flake*" alone by the respondent will cause great injury to the petitioner. Though the respondent is entitled to use the package, as per the order of Hon'ble Supreme Court, the permission to use a particular label cannot be understood to enable the respondent to modify just to imitate the petitioner's label. As seen above, this Court is convinced that the use of the words "*Gold Flake*" along with the roundel does not depict the label in the package that was permitted by the Hon'ble Supreme Court while confirming the order of this Court. However, taking note of the subsequent changes in the statute, and the fact that the Directors are aged, this Court is inclined to impose lesser punishment.

(32) In the result, **the contempt petition stands allowed holding that the respondent/Company and its Directors, are guilty of committing contempt, by willful disobedience of the order of injunction dated**



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26.07.2018 passed by this Court in OSA.Nos.260 to 262/2015 allowing applications in OA.Nos.1069, 1070 & 1071/2015 in CS.No.801/2015. The Directors of the respondent/Company who are shown as respondents in this petition, shall undergo simple imprisonment for a period of two weeks in a Civil Prison by way of punishment for their willful disobedience of the order of this Court. Consequently, connected sub application is closed. However, this order shall come into force with effect from 15.07.2023 to enable the Directors of the respondent/Company to prefer an Appeal before the Hon'ble Supreme Court.

[SSSRJ] [PBBJ]
07.06.2023

AP

Internet: Yes

Index : Yes / No



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To
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1. Golden Tobacco Limited

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Chennai 600 006.
Mr.Jaskaran S.Khurana
6th Floor, Laxmi Bhavan
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Mr.Bharat B. Merchant
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S.S.SUNDAR, J.,

and

P.B.BALAJI, J.,

AP

Order in
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07.06.2023