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

Date of Decision: 09^h January, 2023

+ **CS(COMM) 598/2019 & I.A. 14940/2019 (under Order XXXIX R. 1 and 2 of the Code of Civil Procedure, 1908)**

SANDISK LLC & ANR.

..... Plaintiffs

Through: Mr. Prithvi Singh, Ms. Devyani Nath
and Ms. Parkhi Rai, Advocates.

versus

LAXMI MOBILES & ORS.

..... Defendants

Through: None.

*Defendants No. 1 and 2 are
proceeded ex-parte vide order dated
12th October, 2022 and
Defendant No. 3 was deleted from the
array of parties vide order dated 31st
August, 2021.*

CORAM:

HON'BLE MR. JUSTICE SANJEEV NARULA

J U D G M E N T

SANJEEV NARULA, J. (Oral):

1. The present suit *inter-alia* seeks permanent injunction restraining infringement of Plaintiff's registered trademark, copyright, passing off, rendition of accounts, damages, delivery-up, among other ancillary reliefs.
2. Plaintiff No. 1 – 'SanDisk LLC' (formerly 'SanDisk Corporation'), a US corporation, registered in the State of Delaware, is engaged in the

business of providing data storage solutions. It is one of the world's largest dedicated providers of flash memory storage solutions under the house mark 'SanDisk' since the year-1995. As set out in the plaint, data storage solutions provided by Plaintiff No. 1 boasts of key essential elements being flash memory, controller and firmware technologies. Plaintiff No. 1's predecessor-in-title ('SanDisk Corporation') was acquired by Western Digital Corporation in May 2016, whereafter the name of Plaintiff No. 1 was changed to 'SanDisk LLC'. Plaintiff No. 1 possesses trade mark registrations in more than 150 jurisdictions apart from India, including USA, European Community, China, Canada, etc. Plaintiff No. 1 claims to be proprietor of a variety of registered word and device marks registered under house mark 'SanDisk'. Details of Plaintiff No. 1's registrations in respect of the word and device marks [hereinafter collectively referred to as "*SanDisk Trademarks*"] are set out below:

REGISTRATION NO.	TRADEMARK	DATE OF APPLICATION	CLASS
1249761	SanDisk	14 th November, 2003	09
2632942		25 th November, 2013	09
1805766		13 th April, 2009	09
2261469	Cruzer Blade	04 th January, 2012	09

3. Plaintiff No. 2 – SanDisk India Device Design Centre, is a sister concern of Plaintiff No. 1 and registered user of 'SanDisk', '' ,



and Red Frame Logo []. Plaintiffs' have marketed their products

directly to retail consumers and enterprises as well as equipment makers since the year-2005. A joint application on behalf of Plaintiffs, under Form TM-U, has been filed before the Trade Marks Registry for recording Plaintiff No. 2 as Registered User of Plaintiff No. 1.

4. Plaintiffs' trademarks are extensively advertised and popularised. Plaintiff's SanDisk Trademarks enjoy immense goodwill and reputation. The High Court of Judicature at Bombay in Commercial IP Suit (L) No. 8349 of 2021 *vide* order dated 31st March, 2021,¹ *prima facie* found the mark 'SanDisk' to have all attributes to qualify as a "well known trade mark", under Section 2(z)(g) of the Trade Marks Act, 1999 [hereinafter "*Trade Marks Act*"].

5. Plaintiffs sell their memory cards and USB flash drives in a distinct and unique packaging, which constitutes as original "artistic work" within the meaning of Section 2(c) of the Copyright Act, 1957, and thus, are entitled to exclusive rights therein under Section 14(c) of the Copyright Act. Key elements of Plaintiffs' packaging include: (a) Red product packaging

with white lettering; (b) Red frame logo [] describing the capacity of the device; and (c) SanDisk logo [.

6. Plaintiffs are aggrieved with Defendants indulging in unauthorized

¹ Titled – *SanDisk LLC v. Mahender and Anr.*

third-party distribution of counterfeit microSDHC cards and USB flash drives bearing Plaintiffs' registered trademarks 'SanDisk', **'SanDisk'**,



and Red Frame Logo [**'SanDisk'**] with identical packaging as that of Plaintiffs' products. Plaintiffs' acquired knowledge of use of the said marks by Defendants in September 2019. On receiving the above information and to ascertain the extent and identity of person(s) involved in manufacturing, selling and marketing of counterfeit products using Plaintiffs' SanDisk Trademarks, an investigator was deputed to carry out investigation and in its report, it was revealed: Defendant No. 1 [*i.e.*, 'Laxmi Mobiles' located at Shop No. 19, First Floor, Periyasamy Tower, Tiruchirappalli (Trichy), Tamil Nadu – 620002 – hereinafter "*Location 1*"] and Defendant No. 2 [*i.e.*, 'Mahadev Mobile' located at Shop No. 17, Ground Floor, Periyasamy Tower, Tiruchirappalli (Trichy), Tamil Nadu – 620002 – hereinafter "*Location 2*"], are wholesalers of impugned products.

7. A comparison of front and backside of Plaintiffs' product, with that of Defendants' infringing products, is depicted below:

ORIGINAL PRODUCT OF THE PLAINTIFFS	COUNTERFEIT PRODUCTS OF DEFENDANT NO. 1
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8. As the products depicted above are identical, counsel for Plaintiffs points out following features which distinguish Plaintiffs' original/ genuine products from Defendants' counterfeit/ pirated products:

8.1. Low-quality/ inferior print of Defendants' packaging/ products *vis-a-vis* that of Plaintiffs' products. Image of the mobile phone model on the product packaging of Defendants' product is entirely different from model printed on Plaintiffs' product packaging. Colour quality both front and back

of the said packaging has been heavily compromised.

8.2. Memory capacity of microSDHC card on Defendants' product are



pasted as a sticker across the Red Frame Logo ['SanDisk'] instead of being printed inside the said logo.

8.3. Poor quality packaging of Defendants' products, as it easily flips open and does not tear on opening, as in the case of Plaintiffs' products.

8.4. Simple/ inexpensive blister packaging of Defendants' product are of a lesser quality *vis-a-vis* that of Plaintiffs' superior quality encasing/ blister packaging. The cards are kept in their place by transparent tape instead of butter paper, which is used in Plaintiffs' products.

8.5. The lettering, font and colour quality featured on Defendants' packaging is different from that used in Plaintiffs' products. Even the mark 'SanDisk' appears blurred/ smudged.

8.6. The name of the product on backside of Defendants' packaging of Defendants' product is 'Mobile microSD™ Card' when compared to Plaintiffs' product which has 'microSDHC™ Card'.

8.7. The import sticker that is pasted on the back of Plaintiffs' product is absent from Defendants' product.

INTERIM ORDER AND REPORTS OF LOCAL COMMISSIONERS

9. On 24th October, 2019, while issuing summons, an *ex-parte ad-interim* injunction was granted against Defendants No. 1 and 2 and two Local Commissioners were appointed to visit the premises of the said

Defendants to prepare an inventory of the infringing articles. The operative portion of the said order reads as under: -

“11. The defendant, till further orders, are restrained from manufacturing, marketing, offering for sale, selling, advertising or dealing with products bearing the plaintiffs’ registered trade mark ‘SanDisk’  logo and ‘Red Frame Logo’ and/or any mark/s similar or deceptively similar thereto and/or from using packaging identical or similar or deceptively similar to the packaging of the plaintiffs as described in the suit.

12. The plaintiffs, on the basis of averments made in the plaint have also made out a case for *ex-parte* issuance of commission.”

10. Local Commissioners found Defendants in possession of counterfeit products, and during the course of execution of commission – one (of the two) Local Commissioner identified another premise [*i.e.*, ‘Shree Ashapura Mobile’ located at Periyasamy Tower being – Shop No. 18, 1st Floor, Periyasamy Tower, Tiruchirappalli (Trichy), Tamil Nadu – 620002], whose proprietor was impleaded as Defendant No. 3. Later, he was deleted from the array of parties *vide* order dated 31st August, 2021,² as he could not be served with summons in the suit. At Location 1, 1043 impugned products of Defendant No. 1 were seized and 135 impugned product from Location 2 (Defendant No. 2), details whereof are set out hereinbelow: -

Location 1:

PRODUCTS	CAPACITY	QUANTITY
Micro SD Cards	2 GB	38
	4 GB	11
	8 GB	57
	16 GB	24
	32 GB	13
Cruzer Blade	2 GB	—

² Order passed in I.A. 3630/2021 (*u/ Order I Rule 10 seeking deletion of name of Defendant No. 3 from the array of parties*).

	4 GB	89
	8 GB	276
	16 GB	340
	32 GB	55
	64 GB	30
SD HD Card	8 GB	12
	16 GB Ultra	4
Ultra – Micro SD HD Card		38
Ultra OTG Pen drive	16 GB	48
	32 GB	08

Location 2:

PRODUCTS	CAPACITY	QUANTITY
Pen Drive (San Disk)	8 GB	10
	16 GB	17
	32 GB	20
	64 GB	8
Micro SD Cards (SanDisk)	16 GB	01
	32 GB	13
YouTube GO Mirco (SanDisk)	(SD Card) 8 GB	11
	16 GB	16
	32 GB	17
Damages Goods (Opened/ sealed)	Pen drives	14
	Micro SD card	05
Books of Account	-	03

ANALYSIS

11. The reliefs sought in the instant suit are culled out below: -

“a) An order for permanent injunction restraining the Defendants, their proprietors, partners, servants, agents and all others acting in active concert with them from manufacturing, marketing, offering for sale, selling, advertising, directly or indirectly dealing in any product bearing the Plaintiffs' registered trademarks 'SanDisk', the  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 13 of the *Plaint*.

b) An order for permanent injunction restraining Defendants, their partners, proprietors, 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' microSDHC cards and the USB flash drives 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 to be passed in favour of the Plaintiffs.

e) A sum of Rs. 2,00,01,000/- 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.”

12. Despite service of summons in the suit, Defendants have neither entered appearance nor filed written statement. Considering these facts, on 12th October, 2022, this Court proceeded *ex-parte* against such Defendants and their right to file written statement stood closed. Proprietor of Defendant No. 1 – Mr. Bhavesh Kumar and proprietor of Defendant No. 2 – Mr. Ramesh Kr. Jettaram, were present at the time of execution of the commissions and copy of the complete paper book and order was also served upon them. Thus, they obviously have knowledge of the orders passed by this Court, in the present proceedings.

13. Plaintiffs are registered proprietors of the trademarks noted-above, and their registrations are valid and subsisting. No evidence to the contrary has been produced by Defendants. By virtue of provisions of Section 28 of the Trade Marks Act, Plaintiffs have the exclusive right to use the trademarks in relation to the goods in respect of they have registration as

well as to obtain relief in respect of infringement.

14. Photographs of goods seized by the Local Commissioners, annexed in the Reports dated 18th November, 2019 and 23rd November, 2019, also demonstrate that Defendants are indulging in sale and distribution of products which display identical marks as that of Plaintiffs. The images annexed with the Reports of Local Commissioners reveals that Defendants' product packaging is nothing but a counterfeit packaging of Plaintiff's 'SanDisk' products. Defendants are clearly indulging in blatant violation of Plaintiffs' statutory and common law rights in the SanDisk Trademarks.

15. In view of the pleadings, documents as well as Reports of the Local Commissioners on record, the Court is of the view that affixation of Plaintiffs' registered marks on Defendants' goods has been done with the intention to unlawfully profit from the goodwill and reputation enjoyed by Plaintiffs. Defendants were deceiving public into purchasing their counterfeit products. The likelihood of confusion and deception is clearly made out. Defendants have made use of identical trademarks, in relation to identical goods (counterfeit microSDHC cards and USB flash drives), and are sold to the same end-use consumer base. It is obvious that there is a dishonest adoption by the Defendants, and a clear case for trademark infringement and passing off is made out. Consequently, the allegation that

trademark 'SanDisk', '**SanDisk**', and Red Frame Logo [

correct. The use of the Plaintiffs' mark by Defendants is bound to cause palpable losses, harm and injury to Plaintiffs as well as to the public.

16. On damages, Plaintiffs' case is that since Defendants have sold counterfeit products of Plaintiffs and thereby, diluted reputation and goodwill of Plaintiffs' marks. Counsel for Plaintiffs argue that considering Defendants' patently dishonest activities that amount to unfair trade practice and fast-moving nature of products, Plaintiffs are entitled to actual lost sales, which would amount to roughly INR 20,80,800/- [INR 18,77,400/- from Defendant No. 1 and INR 2,03,400/- from Defendant No. 2].

17. Since there is no written statement on behalf of Defendants, despite service of summons, this Court is empowered to pass a judgment in terms of Order VIII Rule 10 of Code of Civil Procedure, 1908. The report of the Local Commissioner can be read in evidence in terms of Order XXVI Rule 10(2) of CPC. [See: *ML Brother LLP v. Maheshkumar Bhuralal Tanna*]³. Therefore, in light of the Reports of Local Commissioners, and evidence collected by them, as well as non-filing of written statements, this Court is of the opinion that no *ex parte* evidence is required to be led. This view is supported by decisions of this Court in *Disney Enterprises Inc. and Anr. v. Balraj Muttneja and Ors.*,⁴ and *Cross Fit LLC v. RTB Gym and Fitness Centre*.⁵ As regards claim of damages, this Court is convinced that this is not a case of innocent adoption, and Defendants' conduct invites the award of damages. Taking a reasonable assessment of the volume of seizure made,

³ 2022 SCC OnLine Del 1452.

⁴ 2014 SCC OnLine Del 781.

⁵ 2022 SCC OnLine Del 2788.

nature of counterfeiting indulged into by Defendants, in the opinion of the Court, Plaintiffs are entitled to nominal damages, purpose of which has been laid out in the judgment of this Court in *Indian Performing Right Society v. Debashis Patnaik*.⁶

RELIEF

18. The goods seized by Local Commissioners, which are lying in *superdari* with Defendants, details whereof are recorded in the Reports of Local Commissioners dated 18th November, 2019 and 23rd November, 2019, are directed to be handed over to counsel for Plaintiffs and/or authorized representative for Plaintiffs, forthwith. The same shall thereafter be destroyed by Plaintiffs' representative(s), in compliance with extant rules/regulations.

19. The present suit is accordingly decreed against Defendants No. 1 and 2 in terms of the relief of permanent injunction as sought in prayers (a) and (b) of the Plaint. Defendants No. 1 and 2 are liable to pay damages of INR 3,00,000/- against Defendant No. 1 and INR 1,00,000/- against Defendant No. 2, to the Plaintiffs.

20. Plaintiffs have also incurred costs for executing the commissions and deposited court fees. Thus, in view of the judgment of the Supreme Court in *Uflex Ltd. v. Government of Tamil Nadu*,⁷ as well as in terms of the Commercial Courts Act, 2015 and Delhi High Court (Original Side) Rules,

⁶ (2007) 34 PTC 201.

⁷ 2021 SCC OnLine SC 738.

2018 read with Delhi High Court Intellectual Property Division Rules, 2022, Plaintiff is entitled to actual costs, recoverable jointly and severally from Defendants No. 1 and 2. Plaintiffs shall file their bill of costs in terms of Rule 5 of Chapter XXIII of the Delhi High Court (Original Side) Rules, 2018 on or before 28th February, 2023. As-and-when the same is filed, the matter will be listed before the Taxing Officer for computation of costs.

21. Suit is decreed in above terms. Registry is directed to draw up the decree sheet.

22. Suit and all pending applications are disposed of.

SANJEEV NARULA, J

JANUARY 9, 2023

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(Corrected and released on: 20th January, 2023)