

MANU/DE/0277/2004

Equivalent Citation: 2004(28)PTC415(Del)**IN THE HIGH COURT OF DELHI**

IA No. 4986/2002 in C.S. (OS) No. 651/2002

Decided On: 26.03.2004

Appellants: **Pepsico Inc. and Ors.**
Vs.Respondent: **Sunrise Beverages****Hon'ble Judges/Coram:**

Mukundakam Sharma, J.

Counsel:

For Appellant/Petitioner/plaintiff: Pratibha M. Singh, Adv

For Respondents/Defendant: Rajiv Tyagi and Ajit Kumar Singh, Adv.

Subject: Intellectual Property Rights**Subject: Civil****Acts/Rules/Orders:**

Code of Civil Procedure (CPC) - Order 39 Rules 1, Code of Civil Procedure (CPC) - Order 39 Rules 2, Code of Civil Procedure (CPC) - Order 39 Rules 4 ; Copyright Act - Section 62(2); Trade Mark Act

Cases Referred:

Union of India and Anr. v. Sri Ladulal Jain, AIR 1963 SC 1681; Lok Nath Prasad Gupta v. Bijay Kumar Gupta, 1995 PTC (Supp.) (1) 134 (Del.); S.S. Products of India v. Star Plus, 2001 PTC 835 (Del.); Gupta Brothers Conduit Pipe Manufacturing Company (Private) Limited v. Anil Gupta and Anr., 2001 (24) PTC 159 (Del.); P.M. Diesels Ltd. v. Patel Field Marshal Industries and Anr., AIR 1998 Delhi 225; Exphar SA and Anr. v. Eupharma Laboratories Ltd. and Anr., 2004 (2) SCALE 589; Jawahar Engineering Company and Ors., Ghaziabad v. Jawahar Engineers Pvt. Ltd. Sri Rampur, Distt. Ahmednagar, Maharashtra, 1983 PTC 207; Hindustan Pencils Pvt. Ltd. v. India Stationery Products Co. and Anr., AIR 1990 Delhi 19; Midas Hygiene Industries P. Ltd. and Anr. v. Sudhir Bhatia and Ors., 2004 (28) PTC 121 (SC); Bengal Waterproof Limited v. Bombay Waterproof Manufacturing Company and Anr., (1997) 1 SCC 99; Cadila Health Care Ltd. v. Cadila Pharmaceutical Ltd., 2001 PTC 541 (SC); N.R. Dongre v. Whirlpool, 1996 PTC (16) 583

Citing Reference:

Affirmed		1
Discussed		5
Mentioned		4
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Case Note:

Intellectual Property Rights – trade mark – Order 39 Rules 1, 2 and 4 of Code of Civil Procedure, 1908, Section 62 of Copy Right Act and Trade Mark Act – plaintiff seeking permanent injunction restraining defendant from infringement of trade mark, copy right and passing off – plaintiff using trade mark “ SEVEN UP” , 7UP for soft drink – use of marks “7th UP”, “SEVEN the UP” by defendant constitute misrepresentation to consumers – two competing marks in case phonetically similar – style of writing cannot distinguish two marks – degree of resemblances between marks phonetically similar and similar in idea – plaintiff entitled to temporary injunction.

JUDGMENT**Mukundakam Sharma, J.**

manupatra 1. The present suit is filed by the plaintiff's praying for a decree for permanent injunction restraining infringement of trademark, copyright, passing off, and also acts of unfair competition and also for a decree of rendition of accounts. The plaintiff's also filed an injunction application which was registered as is No. 2922/2002. The plaint and the injunction application were listed before this Court. While issuing summons in the suit by order dated 20.3.2002 an ad interim ex parte injunction was also granted in favor of the plaintiff's and against the defendant and their agents restraining them from manufacturing and marketing their products under the marks/name "7 UP", "UP" and "SEVENTH UP" or any other mark, which may be identical with or deceptive similar to the plaintiff's trademarks. As notice was also issued on the said application, the defendant was served with both the summons and the notice pursuant to which the defendant has filed also an application under Order XXXIX Rule 4 CPC praying for vacation of the aforesaid interim injunction passed by this Court. Both the aforesaid application, namely, one under Order XXXIX Rules 1 and 2 CPC and the other under Order XXXIX Rule 4 CPC were listed before me when the counsel appearing for the parties argued the said applications at length. By this order I proceed to render my decision on the said applications.

2. The plaintiff's in the suit have stated they have been using the trademarks "SEVEN UP", "7UP" (in logo) for soft drink beverages in India and internationally for a number of years and the said trademarks of the plaintiff's have acquired word-wide recognition and reputation. The aforesaid trademarks, Therefore, have come to be associated exclusively with the plaintiff's and their products. It is also alleged that the marks "UP" and "SEVEN UP/7UP" are also the registered trademarks of the plaintiff's in India. It is also claimed that the said marks and logo are written in distinctive manner and the plaintiff's are the owners of the copyright in the said logo in India. It is alleged that the adoption of the marks "7thUP", "SEVENTh UP" by the defendant not only constitutes violation of the plaintiff's statutory rights but the same also would cause confusion in the mind of the general public inasmuch as the marks adopted are visually and phonetically similar to the plaintiff's' said trademarks. It is also stated that the use of the marks "7thUP", "SEVENTh UP" by the defendant also constitutes misrepresentation in the course of the trade to the consumers, which has led to the confusion and deception as to the origin and source of the said product. The plaintiff's have stated that the confusion could be two fold viz., that the defendant's product belongs to the plaintiff's or that the defendants is in some manner connected to the plaintiff's.

3. The defendant, however, contested the aforesaid statements made by the plaintiff's in the written statement and the application filed under Order XXXIX Rule 4 CPC. It is submitted that the suit itself is not maintainable as this Court does not have the territorial jurisdiction to try and entertain the present suit and also due to delay and laches and acquiescence on the part of the plaintiff's in approaching the Court. It was further stated that the two competing trademarks of the plaintiff's and the defendant are in different and distinctive styles and that the plaintiff's product is packed in green coloured glass bottles and the flavour and contents of the bottle is clear lime, which is an absolutely transparent beverage whereas the defendant's product is packed in a transparent bottle and the contents thereof are sold in different flavors and colours like cola, lime, orange etc. It was also submitted on behalf of the defendant during the course of the submissions by the counsel for the defendant that no evidence has been furnished by the plaintiff's as to the claim of registration and the renewal of the registration of the impugned marks by the plaintiff's. It was vehemently submitted that there was neither any infringement of the trademarks by the defendant nor the registration of the trademarks of the plaintiff's was violated. It was also submitted that there is no infringement of copyright as the artistic work is in different style. Further submission was that there was no passing off or unfair competition by the defendant. In the light of the aforesaid factual position and the submission of the counsel for the parties, I proceed to scrutinise and examine the rival submissions of the counsel for the parties.

4. Counsel appearing for the defendant submitted that this Court does not have territorial jurisdiction to entertain the present suit on the ground that the defendant is residing and working for gain at Udaipur, Rajasthan and that the product of the defendant is marketed only within Rajasthan. It was also submitted that except for a bare statement made in the plaint alleging infringement of copyright, no particulars have been set out with regard to alleged infringement of copyright and, Therefore, provisions of Section 62(2) of the Copyright Act to bring the suit within the territorial jurisdiction of this Court are not attracted. In support of the said contention, counsel relied upon the decision of the Supreme Court in Union of India and Anr. v. Sri Ladulal Jain MANU/SC/0010/1963 : [1964]3SCR624 and Lok Nath Prasad Gupta v. Bijay Kumar Gupta 1995 PTC (Supp.) (1) 134 (Delhi.) and S.S. Products of India v. Star Plus 2001 PTC 835 (Del.). Reference was also made to the decision of this Court in Gupta Brothers Conduit Pipe Manufacturing Company (Private) Limited v. Anil Gupta and Anr, 2001 (24) PTC 159 (Delhi.) wherein this Court vacated the ex parte order of interim injunction on the basis that the defendants were working for gain outside the jurisdiction of the Delhi High Court and no documents worth the name had been filed to show the defendants were selling their goods in Delhi.

5. The present suit is filed by the plaintiff's as a composite action for infringement of trademarks, infringement of copyright and passing off. Such a joinder of causes of action is held to be permissible in P.M. Diesels Ltd. v. Patel Field Marshal Industries and Anr., MANU/DE/0423/1998 : AIR1998Delhi225 . It was held by this Court that in such a suit, to an extent, there is overlapping between the two remedies, one under the Trade Mark Act and the other under the Copyright Act but in view of the undoubted jurisdiction of this Court in relation to infringement of copyright, the Court would be justified in granting injunction of both trade mark and copyright at the stage of consideration of an application for temporary injunction. In Exphar SA and Anr. v. Eupharma Laboratories Ltd. and Anr. MANU/SC/0148/2004 : 2004(28)PTC251(SC) , the Supreme Court has laid down

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the law to the similar effect. It is also brought out on record that the defendant has applied for registration of the trademark "SEVENTH UP/7TH UP" before the Registrar of Companies without any limit of jurisdiction and claims reputation and goodwill all over India including Delhi. The said application, Therefore, clearly discloses the definite intention of the defendant for using the marks in Delhi. Therefore, the violation of the plaintiff's right has taken place in Delhi. The plaintiff's are working for profit and gain in Delhi. Therefore, prima facie this Court has territorial jurisdiction to decide this case. The aforesaid conclusions also find support from the decision of this Court in *Jawahar Engineering Company and Ors., Ghaziabad v. Jawahar Engineers Pvt. Ltd. Sri Rampur, Distt. Ahmednagar, Maharashtra 1983 PTC 207* wherein the Division Bench held that once the plaintiff's have learnt that the defendants have applied for registration of trade mark in Delhi, they can claim an injunction to prevent any sale of the infringing product in Delhi and in this sense the Court will have jurisdiction whether any sale in Delhi has taken place or not.

6. In my considered opinion, the ratio of the aforesaid two decisions of the Division Bench are clearly applicable to the facts and circumstances of the present case. I am also bound by the ratio of the aforesaid two decisions of this Court and also of the Supreme Court and, Therefore, I hold that this Court has territorial jurisdiction to entertain and try the present suit.

7. Another plea that was raised by the defendant for vacating the order of injunction is the ground of delay and laches and acquiescence. It was submitted that the defendant is present in the Indian market from 1983 whereas the plaintiff is present in India only since 1990 as stated in paragraph 8 of the plaint. The said contention is found to be prima facie untenable as only one advertisement of the year 1983 of the product "7th up" is placed on record, which again is an advertisement published by one Shastri Agencies, which is a third party. Another advertisement of the said third party, namely, Shastri Agencies is also placed on record of the year 1993, who claims to supply various beverages. However, the link between the plaintiff's and the Shastri Agencies has not been stated specifically in the application filed by the defendant under Order XXXIX Rule 4 CPC except for indicating that the said Shastri Agencies sell beverages of various kinds. However, except for the aforesaid two advertisements no other document is placed on record to prove and establish that the products of the defendant are widely advertised and sold in Rajasthan Market. I have perused the said two advertisements also. It is not clear there from as to in which newspaper the said advertisements were published. The plaintiff's have stated that they have come to learn about the action on the part of the defendants regarding infringement of the trademark and the copyright some time in March 2002 when the marketing department of the plaintiff's discovered the defendant's activities. In absence of any documentary evidence to show that the defendant had widely advertised and the sold the products even in Rajasthan market prior to the said date, there is no reason to disbelieve the said statement. Therefore, I hold that there is neither any delay nor negligence nor any acquiescence on the part of the plaintiff's as alleged by the defendant, which would disentitle the plaintiff's on that count alone from getting a temporary injunction from this Court. Besides, infringement of trademark, copyright and passing off could be said to be continuing causes of action as every act gives rise to a fresh cause of action. In this connection reference may be made to the decision of this Court in *Hindustan Pencils Pvt. Ltd. v. India Stationery Products Co. and Anr., MANU/DE/0383/1989 : AIR1990Delhi19*. It was held in the said decision that inordinate delay and laches may be there because the plaintiff may not be aware of the infringement by the defendant or the plaintiff may consider such infringement by the defendant as not being serious enough to hurt the plaintiff's business. But nevertheless, if the Court comes to the conclusion that prejudice is likely to be caused to the general public who may be misled in to buying the goods manufactured by the defendant thinking them to be the goods of the plaintiff then an injunction must be issued. The Supreme Court in the decision of *Midas Hygiene Industries P. Ltd. and Anr. v. Sudhir Bhatia and Ors. MANU/SC/0186/2004 : 2004(28)PTC121(SC)* has also reiterated the law on the subject, when it held that in case of infringement either of trademark or of copyright, normally an injunction must follow and that mere delay in bringing action is not sufficient to defeat grant of injunction. Reference may be made also to the decision of the Supreme Court in *Bengal Waterproof Limited v. Bombay Waterproof Manufacturing Company and Anr. MANU/SC/0327/1997 : AIR1997SC1398* wherein it was held that whenever a deceitful act is committed the person deceived shall have a fresh cause of action. In that view of the matter it cannot be held that the plaintiff is disentitled from seeking for grant of a temporary injunction on the ground as alleged by the plaintiff's.

8. It was next contended by the counsel for the defendant that the plaintiff's have failed to place on record copies/originals of the registration certificates in terms of the claim made in the plaint. In my considered opinion at this stage only a prima facie investigation is to be made to find out and ascertain the claim of the plaintiff's. I have considered the records and on the basis thereof. I am of the considered prima facie opinion that substantial evidence has been placed on record by the plaintiff's to indicate that the trademarks 7UP/SEVEN-UP are the registered trademarks in India and there has been renewal of the same from time to time. The defendant admits using the trademark UP/7TH UP/SEVENTH UP in relation to beverages including cola, lime and orange. The product used by the plaintiff's as also by the defendant is a beverage, which is used by not only the residents of urban areas alone but the same is also consumed by the residents of semi-urban areas and such consumers may not always be familiar with the appearance of the plaintiff's' products. Therefore, the fact that the plaintiff product is packed in green coloured glass bottles and that the flavour and contents of the bottle is clear lime, is immaterial and irrelevant. The same cannot be said to be a factor which would reduce the confusion. Even under those circumstances there could always be a possibility of confusion and deception as to the origin and source of the said product. It is laid down by the Supreme Court in *Cadila Health Care Ltd. v. Cadila Pharmaceutical Ltd. 2001 PTC 541 (SC)* that public interest would

manupatra support lesser degree of proof showing confusing similarity in the case of trade mark in respect of medicinal products as against other non-medicinal products. It was also held by the Supreme Court in the said decision that stringent measures should be adopted specially where medicines are medicines of last resort as any confusion in such medicines may be fatal or could have disastrous effect. In my considered opinion, similar stringent scrutiny is also required in the case of food and drinks as such drinks and beverages could have disastrous effect if such products are of substandard quality. The plaintiff's products are sold all over the world and Therefore, guarantee high standard quality. Their reputation and goodwill is likely to suffer if the products of the defendant are sold in the market as that of the plaintiff's due to confusion of the two competing trademarks. In such a case the plaintiff's would undoubtedly suffer irreparable loss and injury. Therefore, the law laid down by the Supreme Court in Cadila Health Care Ltd. (supra) would also be squarely applicable to a case of beverages, which would also mean calling for lesser proof of showing confusion or similarity in the case of two competing trademarks.

9. The two competing marks involved in the present case are phonetically similar. The plaintiff's have been in India from the year 1962 through the embassies as it is stated in the plaint. Although for a considerable period they were not present in India but admittedly the plaintiff's have been in India selling their beverages continuously and extensively from the year 1990. Besides because of their reputation and goodwill all over the world they have also assumed a trans-border reputation. The two trademarks are not only phonetically but they are visually similar. Counsel appearing for the defendant pointed out that although the marks could be said to be similar but the said marks are so written that they look visually dissimilar. In my considered opinion, although the style of writing and features of the two trademarks may not be exactly similar but the alphabets used in the two marks are the same. Therefore, the style of writing alone cannot/would not distinguish the two marks, for, the unwary consumers could still believe that the said defendant's products is that of the plaintiff's only, although the writing style may not be exactly similar. In order to decide the question of deceptive similarity, in an action for passing off, the Supreme Court has laid down certain factors which are as follows:

- (a) The nature of the marks i.e. whether the marks are word marks or label marks or composite marks i.e. both words and label works.
- (b) The degree of resemblance between the marks, phonetically similar and hence similar in idea.
- (c) The nature of the goods in respect of which they are used as trade marks.
- (d) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.
- (e) The similarity in the nature, character and performance of the goods of the rival traders.
- (f) The mode of purchasing the goods or placing orders for the goods.
- (g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

10. When the facts of the present case are examined on the touchstone of the aforesaid factors, it would be crystal clear that similarity of factors like degree of resemblance of the two competing marks, their phonetic similarity and the same nature of the goods in respect of which they are used and the same class of purchasers who are likely to buy the goods bearing the two marks would lead to conclusion that there is every possibility of confusion and deception in the two marks. It was also sought to be submitted by the counsel for the defendant that there are number of variations between the two products inasmuch as the product of the defendant is sold in the market cheaper than that of the plaintiff's. In my considered opinion, the same would not have any effect as has been pointed out by the Supreme Court in N.R. Dongre v. Whirlpool 1996 PTC (16) 583 wherein also a similar contention regarding the price variation between the two products was held to be irrelevant.

11. In view, of the aforesaid discussions, I am of the considered opinion that in the facts and circumstances of the present case, the plaintiff's are entitled to a temporary injunction. Accordingly, the order passed on 20.3.2002 is made absolute. Consequently, a temporary injunction is granted restraining the defendant, its agents from manufacturing and marketing their products under the marks/name 7th UP/SEVEN-THUP/UP or any other mark, which may be identical or deceptively similar to the plaintiff's trademark till the disposal of the suit. It is, however, made clear that opinions and views expressed herein are prima facie opinions for deciding the present application only.