

MANU/DE/2228/2007

Equivalent Citation: MIPR2007(3)173, 2007(35)PTC687(Del)**IN THE HIGH COURT OF DELHI**

CS (OS) No. 651/2002

Decided On: 14.08.2007

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

Sanjay Kishan Kaul, J.

Counsels:

For Appellant/Petitioner/plaintiff: Pratibha M. Singh and Roohi Kohli, Advs

For Respondents/Defendant:Nemo

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

Copyright Act, 1957 - Section 62(2)

Cases Referred:

Exphar SA and Anr. v. Eupharma Laboratories Ltd. and Anr. 2004 (28) PTC 251 (SC); Intas Pharmaceuticals Limited v. Allergan Inc. 2006 (32) PTC 272 (Delhi); Pfizer Products, Inc v. Rajesh Chopra and Ors. 2006 (32) PTC 301 (Delhi); Dhodha House and Patel Field Marshal Industries v. S.K. Maingi and PM Diesel Ltd. 2006 (32) PTC 1; Hardie Trading Ltd and Anr. v. Addisons Paint and Chemicals Ltd. 2003 (27) PTC 241 (SC); Express Bottlers Services Pvt. Ltd v. Pepsi Inc. and Ors. 1989 PTC 14; Milment Of the Industries and Ors. v. Allergan Inc 2004 (28) PTC 585 (SC); Hindustan Pencils Pvt. Ltd v. India Stationery Products Co. and Anr. 1989 PTC 61; Midas Hygiene Industries Pvt. Ltd and Anr. v. Sudhir Bhatia and Ors. 2004 (28) PTC 121 (SC); Times Internet Limited v. India times Com and Ors.; Time Incorporated v. Lokesh Srivastava and Anr. 2005 (30) PTC 3 (Del); Himalaya Drug Company v. Sumit 2006 (32) PTC 112 (Delhi); Aktiebolaget Volvo and Ors. v. A.K. Bhuvra and Ors. 2006 (32) PTC 682 (Delhi); Microsoft Corporation v. Mr. Deepal Raval and Anr. 2006 (33) PTC 122 (Delhi); Pfizer Products Inc. v. B.L. and Co. and Ors. 129 (2006) DLT 327

Citing Reference:

Discussed		6
Mentioned		8

Case Note:

Intellectual Property Rights - Trade Marks - Infringement of trade mark - Territorial Jurisdiction - plaintiff-Corporation registered in U.S filed suit against Defendants for infringement of their trade mark 7UP/SEVEN-UP for aerated drinks - plaintiffs alleged that Defendants were using a deceptively similar trade mark ""SEVENTH UP/7th UP" in relation to aerated drinks - Hence, present suit - Defendants challenged the suit on the ground that the Delhi High Court has no jurisdiction over the matter as none of the parties were carrying business in Delhi - Whether the Court has territorial jurisdiction to entertain the present suit - Held, plaintiffs pointed out that the damage to the mark of the plaintiffs has occurred all over India including Delhi and that wide sales and manufacture of products including Delhi is the own case of the Defendant, Therefore, Delhi would certainly be one of the Courts having jurisdiction in this behalf - In Pfizer Products, Inc v. Rajesh Chopra and Ors it was observed that a threat of selling the offending goods in Delhi would in itself confer jurisdiction in the Courts in Delhi to entertain a suit claiming an injunction in respect thereof - In view of the aforesaid legal position and there being absence of any material in support of Defendant's case there is no impediment to this Court in entertaining the suit - Appeal allowed

Intellectual Property Rights - Trade Marks - Proprietors of trade mark - Prior user of trade mark - Defendants claimed that they were the prior user of the trade mark in India - Whether the Defendants are the proprietors or owners of the trade mark prior to plaintiff - Held, the Defendant sought to set up a case of prior user primarily on account of the fact that for a certain period of time

there was absence of user of the trade mark by the plaintiffs - The period of non use of the trade mark by the plaintiffs in India was due to import restrictions and plaintiffs kept alive the registration during that period - In *Hardie Trading Ltd. and Anr. v. Addisons Paint and Chemicals Ltd* it was held that the use of a mark may be other than physical and may be in any other relation to the goods - An intention to use the mark does not necessarily mean that the proprietor must show the marketing of the goods under the trade mark - Intention to use the trade mark by the proprietor also includes the intention to permit the user of the trade mark by the registered user - Therefore, issue is answered in favor of the plaintiffs.

Intellectual Property Rights - Trade Marks - Delay and acquiescence - Defendants challenged suit for trade mark infringement by plaintiffs alleging delay and acquiescence on the part of plaintiffs in filing the suit - Whether the plaintiffs are dis-entitled to relief on the ground of delay and acquiescence - Held, Delay and acquiescence is a material for the purposes of interlocutory injunction, but would not defeat the right of the plaintiffs in the suit itself - In *M/s Hindustan Pencils Pvt. Ltd. v. M/s India Stationery Products Co. and Anr* it has been observed that there may be some doubt as to whether laches or acquiescence can deny the relief of a permanent injunction - Judicial opinion has been consistent in holding that if the Defendant acts fraudulently with the knowledge that he is violating the plaintiff's rights, then in that case, even if there is an inordinate delay on the part of the plaintiff in taking action against the Defendant, the relief of injunction is not denied - Therefore, issue answered in favor of plaintiffs

Intellectual Property Rights - Copyright - Deceptive similarity - Infringement of copyright - Copyright Act, 1957 - plaintiffs filed suit against Defendants for infringement of copyright and trade Mark on ground that the Defendants were using a very similar and identical logo as that used by the plaintiffs in relation to same product - Whether the Defendant's use of the mark ""SEVENTH UP/7th UP constitutes infringement of the plaintiffs' copyright - Held, a perusal of the documents shows that there is not only similarity but also identical representation of the trade mark by the Defendant - When the two trade marks are compared, style of writing and get-up are almost identical and thus there is visual similarity apart from the obvious phonetic similarity - The Defendant could not be allowed to create distinction by addition of alphabets "th" to the trade mark of the plaintiffs - Therefore, there is merit in the case of the plaintiffs that there is ocular and structural similarity between the two marks - Answered in favor of the plaintiffs.

Ratio Decidendi:

"A threat of selling the offending goods in a place would in itself confer jurisdiction in the Courts of that place to entertain a suit claiming an injunction in respect thereof."

"An intention to use the mark does not necessarily mean that the proprietor must show the marketing of the goods under the trade mark. Intention to use the trade mark by the proprietor also includes the intention to permit the use of the trade mark by the registered user."

"If the Defendant acts fraudulently with the knowledge that his acts are violative of plaintiff's rights, then even if there is an inordinate delay on the part of the plaintiff in taking action against the Defendant, the relief of injunction is not denied."

"There is copyright and trade mark infringement in cases where two trade marks are compared, the style of writing and get up are almost identical and there is visual similarity apart from the obvious phonetic similarity."

JUDGMENT

Sanjay Kishan Kaul, J.

1. The plaintiff No. 1 is a Corporation existing under the laws of North Carolina, USA while plaintiff No. 2 is a subsidiary of plaintiff No. 1 plaintiff No. 3 is a Company incorporated and registered under the Indian laws.

2. The plaintiffs have filed the present suit against the defendant on account of infringement of their trademark 7UP/SEVEN-UP for the aerated drinks. The plaintiffs are selling aerated drinks under different brand names and 7UP/SEVEN- UP is one such trademark which is stated to be in existence for soft drinks since 1929. 3. It is the case of the plaintiffs that except for a period between 1962-1986, when there were restrictions on sale of such beverages, there has been continuous use of the trademark. In any case since 1990, there is no dispute about the use of the trademark. The sales figures have been set out in para 10 of the plaint and the particulars of registrations of the mark are in para 11.

4. It is the case of the plaintiffs that the word 7UP/SEVEN-UP is an invented word and thus is entitled to a high degree of protection.

5. It is the case of the plaintiffs that it came to the notice of the plaintiffs in March, 2002 that the defendant was

manupatra
selling soft drinks under the name and style of ""SEVENTH UP/7th UP with almost identical or deceptively similar mark and logo (ExPW 1/9 Coldly being the bottles of the defendant).

6. The plaintiffs claim infringement of the trademark on account of visual similarity, phonetic similarity, ocular similarity and structural similarity.

7. The plaintiffs also claim infringement of copyright in view of the ownership in the logo and an attempt by the defendant to pass off its goods as those of the plaintiffs. In fact the plaintiffs state that there is dilution of their mark by such deceptive mark being used by the defendant.

8. It is in view thereof that the suit was filed for permanent injunction to restrain the defendant from violating the trademark and copyright of the plaintiffs, for a decree of damages of Rs 5,50,000/- or an order of rendition of accounts and for an order of delivery up. A local commissioner was appointed on an application of the plaintiffs to visit the premises of the defendant at Udaipur to prepare an inventory of the offending products which were found there. The products were in cola, lemon and soda.

9. The defendant contested the suit as also the interim application filed by the plaintiff. It is the case of the defendant that they had even moved for removal of the mark of the plaintiffs and thus proceedings were still pending. Interim orders granted by this Court were confirmed on 26.03.2004 and thereafter in the suit issues were framed on 17.04.2006 as under:

- 1) Whether the suit as filed is maintainable as alleged in preliminary objection of written statement?
- 2) Whether the Court has territorial jurisdiction to entertain the present suit?
- 3) Whether the plaintiffs are the owners and proprietors of the mark 7UP/SEVEN-UP in India?
- 4) Whether the defendant's use of the mark ""SEVENTH UP/7th UP constitutes infringement of the plaintiffs' registered trademark, infringement of copyright, passing off and dilution? OPP
- 5) Whether the defendant's use of its trade mark ""SEVENTH UP/7th UP in India is prior than the plaintiffs user of its trademark 7UP/SEVEN-UP? OPP
- 6) Whether the defendant's user of its trademark ""SEVENTH UP/7th UP is concurrent with the plaintiffs user of its trademark ""SEVENTH UP/7th UP? OPD
- 7) Whether the plaintiffs are dis-entitled to relief on the ground of delay and acquiescence? OPD
- 8) Whether the plaintiffs are entitled to damages/rendition of accounts of profits? OPP
- 9) Relief.

10. Issue No. 2 was to be treated as a preliminary issue and thereafter counsel for the defendant sought discharge as he was not getting any instructions. The defendant was proceeded ex parte on 19.09.2006 and subsequently on 12.01.2007 the plaintiff filed an affidavit of evidence of Mr. V.R.Shankar as PW1.

11. On hearing learned Counsel for the plaintiffs, perusal of the pleadings and documents, findings arrived at on the issues are as under:

Issue Nos. 1 and 2:

- 1) Whether the suit as filed is maintainable as alleged in preliminary objection of written statement?
- 2) Whether the Court has territorial jurisdiction to entertain the present suit?

12. It is the case of the plaintiffs that the defendant has applied for registration of the trademark ""SEVENTH UP/7th UP without any territorial limitation. Defendant's own case is that of manufacture and sale of products in India with extensive advertisements. Learned Counsel for the plaintiffs points out that the damage to the mark of the plaintiffs has occurred all over India including Delhi and that wide sales and manufacture of products including Delhi is the own case of the defendant, Therefore, Delhi would certainly be one of the Courts having jurisdiction in this behalf.

13. Learned Counsel for the plaintiffs has relied upon the judgment of the Supreme Court in Exphar SA and Anr. v. Eupharma Laboratories Ltd. and Anr. MANU/SC/0148/2004 : 2004(28)PTC251(SC) where it has been held that the object and reason for the introduction of Section 62(2) of the Copyright Act, 1957 was not to restrict the owner of the copyright to exercise their rights but to remove any impediment from their doing so. Thus the said provision cannot be read as limiting the jurisdiction of the Civil Courts only to cases where the person instituting the suit or other proceedings, or where there are more than one such persons, any of them actually and voluntarily resides or carries on business. It, in fact, provides for an additional ground for

manupatra attracting the jurisdiction of a Court over and above the 'normal' grounds as laid down in Section 20 of the Code. Learned Counsel has relied upon the observations of the Division Bench of this Court in *Intas Pharmaceuticals Limited v. Allergan Inc.* MANU/DE/9188/2006 : AIR2007Delhi108 to the same effect.

14. Learned Counsel has also referred to the judgment of B.D. Ahmad, J in *Pfizer Products, Inc v. Rajesh Chopra and Ors.* MANU/DE/0708/2006 : 127(2006)DLT783 where the Hon'ble Judge has observed that a threat of selling the offending goods in Delhi would in itself confer jurisdiction in the courts in Delhi to entertain a suit claiming an injunction in respect thereof. This judgment has considered the observations of the Supreme Court in *Dhodha House and Patel Field Marshal Industries v. S.K. Maingi and PM Diesel Ltd.* 2006 (32) PTC 1.

15. In view of the aforesaid legal position and there being absence of any material in support of defendant's case, it is held that there is no impediment to this Court in entertaining the suit.

16. The defendant has not been able to sustain or justify any of the preliminary objections raised in the written statement.

17. The issues are answered accordingly in favor of the plaintiffs.

Issue No. 3

Whether the plaintiffs are the owners and proprietors of the mark 7UP/SEVEN-UP in India?

18. The plaintiffs have placed on record a certificate issue by Registrar of Trademarks and proved the same collectively as ExPW1/5. PW1 has also referred to a list of global registrations of the mark 7UP/SEVEN-UP and thus there is really no doubt insofar as the ownership and proprietorship of the plaintiff in the mark 7UP/SEVEN-UP is concerned including in India.

19. The issue is accordingly answered in favor of the plaintiffs.

Issue No. 4:

Whether the defendant's use of the mark "SEVENTH UP/7th UP constitutes infringement of the plaintiffs' registered trademark, infringement of copyright, passing off and dilution? OPP

20. A perusal of the documents shows that there is not only similarity but also identical representation of the trademark by the defendant. When the two trademarks are compared, style of writing and get-up are almost identical and thus there is visual similarity apart from the obvious phonetic similarity. The defendant cannot be allowed to create distinction by addition of alphabets 'th' to the trademark of the plaintiffs. There is merit in the case of the plaintiffs that there is ocular and structural similarity between the two marks.

21. The issue is accordingly answered in favor of the plaintiffs.

Issue Nos. 5 and 6:

5) Whether the defendant's use of its trade mark "SEVENTH UP/7th UP in India is prior than the plaintiffs user of its trademark 7UP/SEVEN-UP? OPP

6) Whether the defendant's user of its trademark "SEVENTH UP/7th UP is concurrent with the plaintiffs user of its trademark "SEVENTH UP/7th UP? OPD

22. The defendant sought to set up a case of prior user primarily on account of the fact that for a certain period of time there was absence of user of the trademark by the plaintiffs. The only period of non use of the trademark by the plaintiffs in India was due to import restrictions though the plaintiffs kept alive the registration during that period.

23. Counsel for the plaintiffs, in this behalf, has placed reliance on *Hardie Trading Ltd and Anr. v. Addisons Paint and Chemicals Ltd.* MANU/SC/0705/2003 : 2003(27)PTC241(SC) where it was held that the use of a mark may be other than physical and may be in any other relation to the goods. An intention to use the mark does not necessarily mean that the proprietor must show the marketing of the goods under the trademark. Intention to use the trademark by the proprietor also includes the intention to permit the user of the trademark by the registered user and in *Express Bottlers Services Pvt. Ltd v. Pepsi Inc. and Ors.* 1989 PTC 14 it was held that limited market should be considered as commercial sales or bona fide use in course of trade.

24. Learned Counsel for the plaintiffs in this behalf has also relied upon the judgment in *Milment Of the Industries and Ors. v. Allergan Inc* MANU/SC/0512/2004 : 2004(170)ELT260(SC) to contend that if a mark is associated with a party worldwide it would lead to an anomalous situation if an identical mark in respect of a similar product is allowed to be sold in India.

25. It cannot be said that the defendant's use was concurrent or honest. In fact defendant has disappeared from the scene and has thus failed to establish its case. The similarities in the two trademarks are so striking

26. The issue is accordingly answered in favor of the plaintiffs.

Issue No. 7:

Whether the plaintiffs are dis-entitled to relief on the ground of delay and acquiescence? OPD

27. The defendant sought to build up a case of delay and acquiescence on the basis of certain advertisement. The defendant has not appeared. Not only that, such delay and acquiescence is normally material for the purposes of interlocutory injunction, but would not defeat the right of the plaintiffs in the suit itself. In this behalf, learned Counsel for the plaintiffs has referred to Hindustan Pencils Pvt. Ltd v. India Stationery Products Co. and Anr. 1989 PTC 61 where it has been observed in para 30 that even though there may be some doubt as to whether laches or acquiescence can deny the relief of a permanent injunction, judicial opinion has been consistent in holding that if the defendant acts fraudulently with the knowledge that he is violating the plaintiff's rights, then in that case, even if there is an inordinate delay on the part of the plaintiff in taking action against the defendant, the relief of injunction is not denied. Learned Counsel for the plaintiffs, in this behalf, has also referred to Midas Hygiene Industries Pvt. Ltd and Anr. v. Sudhir Bhatia and Ors. MANU/SC/0186/2004 : 2004(28)PTC121(SC) where it has been observed that that mere delay in bringing an action is not sufficient to defeat grant of injunction.

28. The issue is answered accordingly in favor of the plaintiffs.

Issue No. 8:

Whether the plaintiffs are entitled to damages/rendition of accounts of profits? OPP

29. Learned Counsel for the plaintiff contends that defendant should not escape damages as a consequence of its action of dis-appearing from the legal proceedings. This position is no more rest integra in view of the judgment of this Court decided on 31.07.2007 titled Times Internet Limited v. India times Com and Ors.

30. Learned Counsel for the plaintiffs in this behalf has referred to i) Time Incorporated v. Lokesh Srivastava and Anr. MANU/DE/0104/2005 : 116(2005)DLT599 , ii) Himalaya Drug Company v. Sumit MANU/DE/2794/2005 : 126(2006)DLT23 , iii) Aktiebolaget Volvo and Ors. v. A.K. Bhuvra and Ors. 2006 (32) PTC 682 (Del) and iv) Microsoft Corporation v. Mr. Deepal Raval and Anr. 2006 (33) PTC 122 (Del).

31. Learned Counsel has also referred to the commentary of Kerly's law of Trademarks and Trade names; XIII Edition in the following terms:

Innocence no defense to damages

18-153 A defendant cannot avoid an order for an inquiry by showing that he infringed innocently. The claimant has a right to damages regardless of the defendant's state of mind, and that is so regardless of whether the cause of action is infringement of a registered mark, or passing off....

Basic principles applicable to an account

18-156 Accounts of profits in trade mark cases have been rare in the United Kingdom, but the following are probably sound basic principles:

- 1) An account is confined to profits actually made, its purpose being to deprive the defendant of unjust enrichment rather than to punish him;
- 2) An account is addressed to identifying profits caused in the legal sense, by the infringement;
- 3) The fact that the defendant's profits could have been made in a non infringing fashion is irrelevant;
- 4) The claimant must take the defendant as he finds him, and may not argue that the defendant could have made greater profits by trading in a different fashion.
- 5) Where only parts of the defendant's activities infringed, profits attributable to the non infringing parts are not caused by the infringement, and the overall profits must be apportioned.
- 6) Overheads should be dealt with so as to arrive as closely as possible at the true profit.
- 7) The defendant cannot generally deduct opportunity cost.
- 8) General overheads may be apportioned to the infringing activity, subject to the

32. Learned Counsel contends that if the aforesaid aspects are kept in mind, damages can be determined by taking into consideration the averments made by PW1 in his affidavit whereby a copy of the application filed for rectification by the defendant (ExPW1/11) can be relied upon. Learned Counsel states that said exhibit shows sales figures of Rs. 34,14,988/- for the year 2001-02 though the figures are also for the earlier years (page 293 of part I file).

33. Taking into consideration the sales figures as also the claim of damages made by the plaintiffs, I am inclined to grant damages to the tune of Rs 5.5 lakh to the plaintiffs which was in fact the claim made in the suit for damages. The sales figures do not show very high figures by the defendant and I am thus of the considered view that this amount would suffice even if the principles of rendition of accounts are taken into consideration in the present case.

34. The issue is answered accordingly in favor of the plaintiffs.

Issue No. 9:

Relief

35. A decree is passed in favor of the plaintiffs and against the defendant in terms of prayer Clauses (a), (b), (c), (d) and (e) of para 29 of the plaint. The plaintiffs shall also be entitled to costs. Decree sheet be drawn up accordingly, but on the plaintiff paying the deficient court fees in terms of the judgment in Pfizer Products Inc. v. B.L. and Co. and Ors. 129 (2006) DLT 327.