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

% *Judgment Reserved on : February 19, 2014*
Judgment Pronounced on: March 05, 2014

+ FAO(OS) 163/2010 and CM Appl.18319/2010 (cross-objections)

REAL HOUSE DISTILLERY PVT LTD & ANR Appellants
Represented by: Mr.P.N.Mishra, Senior
Advocate instructed by
Ms.Mahima Sinha and
Mr.Arunav Patnaik, Advocates.

versus

PERNOD RICARD S.A. & ANR Respondents
Represented by: Mr.Hemant Singh, Mr.Sachin
Gupta and Ms.Shashi Ojha,
Advocates.

CORAM:
HON'BLE MR. JUSTICE PRADEEP NANDRAJOG
HON'BLE MR. JUSTICE JAYANT NATH

JAYANT NATH, J.

1. The present appeal is filed under Order XLIII Rule 1 Code of Civil Procedure read with Section 10 of the Delhi High Court Act against order dated December 15, 2009 passed by the learned Single Judge in IA No.12700/2008 filed by the respondent under Order XXXIX Rules 1 and 2 read with Section 151 CPC and IA filed by the appellant being IA No.16299/2009 under Order VII Rule 11 CPC for dismissal of the plaint on ground of lack of territorial jurisdiction of this court.

2. The respondents have filed a suit seeking a decree of permanent injunction to restrain the defendants/appellants from manufacturing, selling,

etc.alcoholic beverages or any other allied goods under the impugned trade mark comprising of 'REAL' logo and label or any trade mark/label deceptively similar to the plaintiffs' trade mark comprising 'RICARD' logo and label which amounts to infringement of registered trade mark of the respondents/plaintiffs and other connected reliefs.

3. Respondent No.2 is a wholly owned subsidiary of respondent No.1. Respondent No.1 claims to have been formed in 1974 and claims to be world No.2 in wines and spirits market having strong international presence having a turn over to the tune of Euro 6.4 billion in the year 2006-07. It is stated that its products are sold under internationally renowned and acclaimed brands in 110 countries. 'RICARD' is stated to be a light, natural refreshing beverage which was formulated in 1932. It's an anise flavoured aperitif marketed under a distinctive 'RICARD' logo/label. The logo/label is stated to comprise several distinctive features which constitute a unique, distinctive and impressionable trade mark. It is stated that 'RICARD' and its anise flavoured aperitif is bottled and marketed under the said label which comprises following features which together constitute a distinctive, impressionable and unique trade mark.

The logo comprises of the following features:-

- i. the logo comprises of stylized acanthus leaves with silver background and blue leafy outline;
- ii. a circular device having red background and blue border with the numeral "45" in white colour is depicted upon the central section of the shield device;
- iii. a set of swirling scrolls of silver ribbons with blue borders unfold outwardly from either side of the red circular device with "APERITIS" and "ANISE" printed thereon in blue bold letterings."

The essential features of the RICARD label are as follows:-

- i. The vertically elongated label comprises a colour combination of white, blue, silver and red;
- ii. The label has an overall white background with two broad blue bands appearing upon the upper and lower sections, each having a silver and blue thick border;
- iii. The trade mark RICARD appears in thick & bold white letterings against blue background upon the upper blue band whereas “FRANCE” appears in interspersed white bold letterings upon the lower blue band;
- iv. The central section of the label has a white background with thin silver vertical pin stripes, upon which the RICARD logo as described hereinabove is depicted;
- v. The lower section below the blue band contains descriptive matters in blue and red letterings against white background.”

4. The said ‘RICARD’ logo and label which is also pictorially depicted in the plaint is stated to be a registered trade mark in several countries in favour of respondent No.1. It is also said to be registered in India in the name of respondent No.1.

5. It is further stated that the copyright in the original artistic work is also protected in India since FRANCE is a signatory and member of Berne Convention.

6. The plaint gives a detailed description of the turnover, goodwill, reputation, investment made in the brand etc. For the purpose of the present order it may not be necessary to reproduce the said details.

7. It is stated that in the first week of September 2008, the respondents came to know that the appellants were selling and offering for sale their whisky under the trade mark “REAL’s” contained in bottles having same/similar trade mark as ‘RICARD’ aperitif. The alcoholic beverage is stated to bear labels and logo which are deceptively similar and a colorable imitation of the respondents’ ‘RICARD’ and of the logo and label. Hence

the present suit was filed where it was urged that the said use of deceptively similar label or logo by the appellants would inevitably lead to a confusion/deception among consumers. It was urged that the adoption and unauthorized use by the appellants of the impugned trade mark constitutes (a) infringement of trade mark (b) passing off (c) infringement of copyright (d) dilution and (e) unfair competition.

8. The appellant entered appearance and denied the averments of the respondents. It is stated that the appellants are part of 'Real Group of Companies' which was established in 1947 by setting up a vegetarian restaurant at Panaji, Goa by the name 'Cafe Real'. The business expanded and in 1961 the business of manufacturing aerated waters under the brand name 'Real Drink' and other trading was commenced. The word 'Real' has been pre-fixed in each and every company so incorporated to give it a distinctive trade mark of the Real Group of Companies. The logo 'R' which is also used is stated to have developed in the year 1974. The manufacture of IMFL and county liquor is stated to have commenced in 1974. It is stated that the Real Group of Companies is making Palm Feni, Cashew Feni under the brand name 'Real' and IMFL such as whisky, brandy, rum using its label of 'Real' with a logo 'R' with a crown on it. The products are stated to be sold and consumed only in the State of Goa. It is further stated that the appellants do not manufacture or offer for sale or distribute any anise flavoured aperitif of flavor akin or similar to the respondents' product. It is further stated that the label of the appellants and respondents are not similar.

9. On December 16, 2008 the learned Single Judge directed that the appellants are permitted to use the earlier labels till December 31, 2008. After the said date the appellants were permitted to market their products

under a new label which was shown in the court on that day which is purple and white in colour (this new label produced in court by the appellant on December 12, 2008 is hereinafter referred to as 'New label'). This order was passed clarifying that the said order did not mean that the court accepted the stand of the appellants regarding the new label produced in court on that day.

10. On September 24, 2009 a statement was made by the learned counsel for the plaintiffs that he does not press the present suit in relation to passing off and infringement of copyright. On that date arguments were heard and judgment was reserved. Later vide order dated March 19, 2010 it was clarified that the respondent does not press the relief of passing off only.

11. The learned Single Judge vide judgment dated December 15, 2009 concluded that the old label which was used by the appellants was prima facie identical to the label of the respondents and restrained the appellants from using the old label which was subject matter of the present suit during the pendency of the said suit. Regarding the New label produced in Court on December 16, 2008, the learned Single Judge directed that the New label still contains some essential features similar to the respondents' label and in order to avoid any confusion or deception, the appellants were allowed to use the New label subject to the condition of change of the Navy Blue colour. It was clarified that the appellants could use the said strip in any other colour except Dark Navy Blue Colour. Further application of the appellants under Order VII Rule 11 CPC being IA No.16299/2009 was dismissed holding that this Court had prima facie jurisdiction to try the present suit under Section 134(2) of the Trade Marks Act and the issue raised by the appellants was mixed question of law and facts and could not be dealt with in an application under Order VII Rule 11 CPC.

12. Hence the present appeal has been filed challenging the said order dated December 15, 2009.

13. The respondents have also filed cross-objections under Order XLI Rule 22 read with Order XLIII Rule 1 CPC challenging the directions of the learned Single Judge permitting the appellants to use the modified 'Real' label (New label) in any other colour other than Navy Blue.

14. This Court on April 15, 2010 passed the following order regarding the New label:-

“On a visual appearance of the two labels, we do not find any similarity between them. However, the learned Single Judge has enjoined the Appellants from using the navy blue colour on its label.

We are of the opinion that if there is no similarity between the two labels, an injunction on the use of navy blue colour cannot be allowed as a matter of course. It is difficult to imagine that the respondents have a copyright over the use of navy blue colour on the labels of all alcoholic beverages.

We, therefore, stay the operation of the impugned judgment and order until the disposal of the appeal.”

15. The matter was heard on February 19, 2014 and judgment was reserved. Parties were given an opportunity to file written submissions. Needful has been done.

16. Learned counsel for the appellants at the outset submitted that they do not intend to use the original label on the basis of which the suit was filed and to that extent, the injunction order passed by the learned Single Judge dated December 15, 2009 is not challenged. However, stress is laid that the second part of the injunction order permitting the appellants to use the New label subject to the condition of change of the Navy Blue colour strips is materially erroneous and needs to be set aside.

17. Learned counsel for the appellants has strenuously urged in Court and

in the written submissions that the blue label which is being used by the appellants on its IMFL whisky is an intrinsic part of its trade mark and over a period of time the consumers of 'Real Blue Whisky' have come to associate with the blue colour in the label of the whisky of the appellants.

18. It is further urged that the respondents' registered trade mark does not have any colour and hence to that extent, the impugned order is misplaced as it has injuncted the appellants from using the colour Navy Blue. It is further urged that the get up of the label of the appellants is common to the trade and numerable labels of alcoholic and other beverages have blue colour with white. It is urged that the respondents cannot claim any exclusivity over the use of such features. It is further urged that the product of the respondents aperitif is priced at more than ₹2,000/- per bottle whereas the whisky of the appellants is priced at ₹60/- per bottle and therefore is only manufactured and consumed by the lower income bracket in the State of Goa only. It is urged that it is highly improbable and unlikely that the respondents' high class consumers intending to buy aperitif will be deceived by the Real House Whisky of the appellants. It is also highly improbable that a consumer who has an intention to buy an aperitif would end up buying a whisky.

19. Learned counsel for the respondents has stated in the Court and in the Written submissions that the appellants' have slavishly copied the label/mark of the respondents with dishonest intention which tantamounts to infringement of the registered trade mark of the respondents. With regard to the old label of the appellants it is stated that it is a blatant imitation which proves dishonest intention with ulterior and unethical motive to trade upon the goodwill and reputation of the respondents' products. It is further urged that even the New label which was produced before the learned Single Judge

has retained combination of features that were originally copied by the appellants from the registered label/mark of the respondents. It is urged that the New label has been rightly enjoined by the learned Single Judge. It is further urged that the label, mark, registration of respondents' is without any colour limitation. Hence, in view of Section 10 of the Trade Marks Act it therefore, extends to all colours. Hence the infringement would be there in case of imitation in any colour combination and to that extent, it is urged that the learned Single Judge erred inasmuch as he permitted the appellants to use the modified label in colours other than Navy Blue. Hence, it is urged that the present appeal be dismissed and the cross-objections may be allowed and the permission granted by the impugned order to the appellants permitting the appellants to use the New label under a colour other than Navy Blue be modified and the appellants be restrained from using the New label in any colour.

20. Learned counsel for the respondents relies upon judgment of the Hon'ble Supreme Court in the case of (2011) 4 SCC 85 T.V.Venugopal vs. Ushodaya Enterprises Ltd. & Anr. where the Hon'ble Supreme Court held that the adoption of the word "Eenadu" is ex facie fraudulent and a mala fide attempt from the inception inasmuch as the appellant in that case is stated to have wanted to ride on the reputation and goodwill of the respondent company. The Hon'ble Supreme Court held that permitting the appellant to carry on its business would in fact be putting a seal of approval of the court on the dishonest, illegal and clandestine conduct of the appellant. The Court further held that honesty and fair play ought to be the basis of policies in the world of trade and business. Reliance is also placed on the judgment of the Hon'ble Supreme Court in the case of (2007) 6 SCC 1 Heinz Italia & Anr. vs. Dabur India Ltd. where the court reiterated that principles of similarity

could not be very rigidly applied and that if it could be prima facie shown that there was a dishonest intention on the part of the defendant in passing off the goods, an injunction should ordinarily follow.

Learned counsel for the appellants also relies upon the judgment of the Hon'ble Supreme Court in the case of AIR 1965 SC 980 Kaviraj Pandit Durga Dutt Sharma vs. Navaratna Pharmaceutical Laboratories where the court held that where there is an imitation, no evidence is required to establish that the plaintiff's rights are violated. Reliance is also placed on the judgment of the Hon'ble Supreme Court in the case of AIR 1978 SC 1613 R.G.Anand vs. M/s.Delux Films & Ors. where the Court held that one of the surest and safest test to determine whether or not there has been a violation of copyright is to see if the reader, spectator or the viewer after having read or seen both the works is clearly of the opinion and gets an unmistakable impression that the subsequent work appears to be a copy of the original.

21. In the present case as far as the first label that was subject matter of the suit filed by the respondents is concerned, there is no controversy surviving inasmuch as learned counsel for the appellants has clearly stated that the appellants have stopped using the said label. Hence to that extent the injunction order passed by the learned Single Judge would need no interference.

22. We now come to the New label which was filed in court by the appellants. The impugned order permits the appellants to use the said New label provided the colour scheme of the said label is changed from Navy Blue to some to other colour. We may have a look at the two labels which are now subject matter of the present dispute.



23. The learned Single Judge has relied upon observations of the Court in the case of (1951) 68 Reports of Patent Cases 271(2) Taw Manufacturing Coy. Ltd. vs. Notek Engineering Coy.Ltd. & Anr. relevant portion of which reads as follows:-

“A trademark is infringed if a person other than the registered proprietor or authorised user uses, in relation to goods covered by the registration, one or more of the trademark’s essential particulars. The identification of an essential feature depends partly upon the Court’s own judgment and partly upon the burden of the evidence that is placed before the Court.”

24. Similarly, the learned Single Judge also places reliance on the judgment of this court in the case of (1973) ILR Delhi 393 M/s. Atlas Cycle Industries Ltd. v. Hind Cycles Limited, where this Court held as under:-

"In an action for an alleged infringement of a registered trade mark, it has first to be seen whether the impugned mark of the defendant is identical with the registered mark of the plaintiff. If the mark is found to be identical, no further question arises, and it has to be held that there was infringement. If the mark of the defendant is not identical, it has to be seen whether the mark of the defendant is deceptively similar in the sense it is likely to deceive or cause confusion in relation to goods in respect of which the plaintiff got his mark registered. For that purpose, the two marks have to be compared, 'not by placing

them side by side. but by asking itself whether having due regard to relevant surrounding circumstances, the defendant's mark as used is similar to the plaintiff's mark as it would be remembered by persons possessed of an average memory with its usual imperfections', and it has then to be determined whether the defendant's mark is likely to deceive or cause confusion".

25. A look at the mark/label in question would show that it cannot be said that the New label which is presently being used by the appellants is identical to the mark/label of the respondents.

The next step that would arise is as to whether the mark is deceptively similar with the mark of the respondents in the sense that it is likely to deceive or cause confusion in relation to goods in respect of which respondents have got their mark registered. If we compare the two marks, it is clear that the essential features of the two marks are different. Apart from blue bands used at the top and bottom of the label, there is no other similarity in the two marks. The essential feature of the brand of the respondents is the circle shaded in red with the number '45' which is fused with a set of swirling scrolls/arms on either side. None of these essential features are reproduced in the New brand/mark being used by the appellants.

26. In the above context, reference may also be had to the observations of a Division Bench of this High Court in the case of 62 (1996) DLT 79 (DB), Kellogg Company vs. Pravin Kumar Bhadabhai & Anr. where in paragraph 22 the Court held as follows:-

"Having dealt with the contention of imperfect memory of the customer, we shall now deal with the class of purchasers, which is also an important factor. Who are the persons who go to purchase 'Kelloggs' Corn flakes? Prima facie, in our opinion, these people belong to a middle-class or upper middle class

and above who are fairly educated in English and are able to distinguish 'Kelloggs' and what is not "Kelloggs". In American Jurisprudence (2d) (Trade Marks) (Supp) para 19 (page 178) it is said that it is necessary to note the fact: "that customers for fasteners are sophisticated and discerning, that defendant acted with good faith."

27. Similarly, reference may also be had to the observations made in paragraph 28 of the said judgment which reads as under:-

" In the result, on our prima facie conclusions, we reject the plea of similarity or likelihood of confusion, we reject the plea of fraud as well as the one based on imperfect memory. We are of the view, prima facie that even though the get up is similar, the different names Kellogg's and AIMS ARISTO prominently displayed, make all the difference and this Is not a fit case for interference with the order of the learned Single Judge refusing injunction."

28. In the present case also the product of the respondent is anise aperitif which is priced at more than ₹2,000/- per bottle. The class of customers purchasing the same would be entirely different from the class who would purchase the IMFL whisky of appellant which is priced around ₹60/- per bottle.

29. In the present case also the New brand uses the trade mark/trade logo of the appellant's REAL very distinctively and clearly.

30. Prima facie, it is not possible to say that the New label which was for the first time filed in Court by the appellants on 16.12.2008 infringes the trademark of the respondents.

31. We, hence modify the order of the learned Single Judge to the said extent. We permit the appellants to use the New mark/label as filed by the

appellants in Court on 16.12.2008 using the Navy Blue colour. The cross-objections of the respondents are dismissed.

32. As no arguments have been addressed on the impugned order dismissing the IA No.16299/2009 under Order 7 Rule 11, CPC, the judgment of the learned Single Judge dismissing the said application is upheld.

**JAYANT NATH
(JUDGE)**

**PRADEEP NANDRAJOG
(JUDGE)**

**MARCH 05, 2014
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