

Ads Spirits Pvt. Ltd vs Shubhom Juneja on 4 May, 2023

Author: C.Hari Shankar

Bench: C.Hari Shankar

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IN THE HIGH COURT OF DELHI AT NEW DELHI
CS(COMM) 277/2023, CAV 229/2023, I.A. 8682/2023, I.A.
8683/2023, I.A. 8684/2023 & I.A. 8685/2023

ADS SPIRITS PVT. LTD. Plaintiff
Through: Mr. Ajay Sahni and Mr. Chirag
Ahluwalia, Advs.

versus

SHUBHOM JUNEJA Defendant
Through: Ms. Payal Jain and Mr. Sumit
Kumar, Advs.

CORAM:
HON'BLE MR. JUSTICE C.HARI SHANKAR
ORDER

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04.05.2023

CS(COMM) 277/2023

1. The plaintiff ADS Spirits Pvt. Ltd. alleges that, by using the mark Royal Queen for whisky and adopting a trade dress which is nearly identical to the trade dress of the plaintiff, the defendant has committed the torts of infringement and passing off.

2. The defendant is on caveat. I have heard Mr. Sahni, learned Counsel for the plaintiff and Ms. Payal Jain, learned Counsel for the defendant at some length.

3. The plaintiff is the proprietor of the following registered trademarks:

S. Application Registration Trademark Class Goods No No. Date

1. 2728522 30th April 2014 ROYAL 33 All kinds of GREEN alcoholic beverages, wines & spirits Signing Date:08.05.2023 12:13:44 including whisky, wine, vodka, spirits, rum, liquor, gin, brandy, country liquor

2. 3466602 27th January 33 Alcoholic 2017 beverages including whisky

3. 3494510 28th February 32 Packaged 2017 water including mineral water and aerated water

4. 3786325 23rd March ROYAL 41 Entertainme-

		2018	GREEN		nt ; sporting and cultural activities
5.	3786326	23rd March 2018	ROYAL GREEN	9	Apparatus for recording, transmission or Reproduction of sound or images; magnetic data carriers, recording discs; compact discs; DVDs and Other digital recording media.

6.	4471600	13th March 2020		33	Alcoholic beverages (except beers)
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4. The plaintiff manufactures and sells whisky under the name "Royal Green". In September to October 2014, the plaintiff claims to have introduced a distinctive packaging and trade dress for its Royal Green Whisky, which was slightly modified in 2019. The trade dress as adopted in September to October 2014 and as thereafter modified in 2019 are as under:

5. At this juncture, Ms. Payal Jain, learned Counsel for the defendant intervenes to state that her client also holds a registration for the impugned "Royal Queen" mark since 2018. This contention, as advanced by Ms. Jain, is neither entirely correct nor entirely relevant.

6. It is candidly acknowledged in para 30 of the plaint that the defendant holds a registration for the "ROYAL QUEEN" device mark with effect from 27th June 2018. Ms Jain does not seek to contend that the defendant holds a registration for any other mark. We are not concerned, in the present case, with the said device mark. Ergo, Ms. Jain's reference to the registration held by the defendant, in respect of the mark with effect from 2018 cannot impact the outcome of this case one way or the other.

7. Reverting to the facts, the plaint asserts that, within a short period of time, since its launch in 2014, the plaintiff's Royal Green Whisky has become a preferred brand and was an official entry to the Millionaire's Club which is a prestigious annual list of spirit brands around the world, in 2020. The plaint asserts that the sales of the plaintiff's Royal Green Whisky has exponentially increased from 2015 on a year wise basis, to the extent that the sales of 9 litre bottles of Royal Green Whisky in 2014-15, which was 32,000, rose to 2750000 bottles by 2022-2023. Mr. Sahni submits that the revenue earned from the sales of 9 litre bottles of its Royal Green Whisky, by the plaintiff, till date is in excess of 1,800 crores.

8. The plaint alleges that the defendant was earlier selling its Royal Queen product in Punjab in a packaging which was completely dissimilar to that of the plaintiff but has, recently, introduced, for sales in Delhi, a trade dress which is nearly identical to the plaintiff's. This similarity extends, according to the plaint, not only to the outer packaging of the defendant's product but also to the bottles itself.

Para 31 of the plaint provides a comparative tabular depiction thus:

Current trade dress/packaging	Impugned trade dress of defendant as used in Punjab	defendant introduced for Delhi sales
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9. Physical samples of the bottles, in their respective packs, have also been produced in the Court, and have been seen by me. Prima facie, it is apparent that the present trade dress of the defendant is nearly identical to the trade dress of the plaintiff, to the extent that a similar colour combination is used, the placement of the name of the product is also similar, and the bottles, too, are similar in shape and colour.

10. A comparison of the rival packing and of the rival bottles may be provided thus:

Defendant's Packing	Plaintiff's Packing
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11. A customer of average intelligence and imperfect recollection, who comes across the plaintiff's Royal Green Whisky, whether in packed or unpacked condition, on a particular date and, a few days later, comes across the defendant's Royal Queen product is, prima facie, in my view likely, to be confused between the two.

12. The likelihood of confusion stands exacerbated by the phonetic similarity between the names Royal Queen and Royal Green. Even the lettering in which the names of the products figure on the bottles and the outer packaging of the plaintiff's and the defendant's products are similar, and a similar green font is used.

13. That the defendant has consciously sought to mitigate the plaintiff is, prima facie, apparent from the fact that, earlier, the defendant was adopting a trade dress for its Royal Queen Whisky which was completely dissimilar to that of the plaintiff. At this stage, therefore, this Court is, prima facie, convinced that the plaintiff has deliberately adopted a trade dress which is deceptively similar to that of the plaintiff, so as to create confusion in the market.

14. The two rival marks are deceptively similar. They are used for the same product, i.e. whisky. The trade dress in which the plaintiff's and defendant's products are sold are nearly identical. The products are available at the same outlets, i.e. liquor vends. They cater to the same category of consumers - those who imbibe alcoholic beverages.

Thus, the triple test which applies in such cases and is often used to decide whether a prima facie case of infringement exists or not, is also satisfied.

15. Ms. Jain, learned Counsel for the defendant has sought to contend that the green colour, as well as the suffix "Royal" are common to the trade in alcoholic liquors.

16. There are three reasons why this plea cannot help Ms Jain.

17. Firstly, once the Court finds, prima facie, that the mark of the defendant is deceptively similar to that of the plaintiff, and that the trade dress of the defendant's product also imitates that of the plaintiff's product, the issue of whether the suffix "Royal" is, or is not, common to the trade, ceases to be of any considerable significance, as infringement already stands established, prima facie.

18. Secondly, the plaintiff is not alleging infringement on the ground of commonality of the "Royal" suffix between the marks of the plaintiff and the defendant, or on the ground that both bottles are green in colour. As I have observed, the overall colour scheme of the bottles and the outer packings, as well as the arrangement of the text and graphics on the outer packings, are deceptively similar.

19. Thirdly, a plea of the marks being common to the trade cannot be taken in such a fashion. The standard at which such a plea has to be raised stands thus encapsulated in the judgment of a Division Bench of this Court in Pankaj Goel v. Dabur India 1:

"21. As far as the Appellant's argument that the word MOLA is common to the trade and that variants of MOLA are available in the market, we find that the Appellant has not been able to prima facie prove that the said 'infringers' had significant business turnover or they posed a threat to Plaintiff's distinctiveness. In fact, we are of the view that the Respondent/Plaintiff is not expected to sue all small type infringers who may not be affecting Respondent/Plaintiff business. The Supreme Court in National Digitally Signed (2008) 38 PTC 49 (DB) Signing Date:08.05.2023 12:13:44 Bell v. Metal Goods 2, has held that a proprietor of a trademark need not take action against infringement which do not cause prejudice to its distinctiveness. In Express Bottlers Services Pvt. Ltd. v. Pepsi Inc. 3, it has been held as under:-

"....To establish the plea of common use, the use by other persons should be shown to be substantial. In the present case, there is no evidence regarding the extent of the trade carried on by the alleged infringers or their respective position in the trade. If the proprietor of the mark is expected to pursue each and every insignificant infringer to save his mark, the business will come to a standstill. Because there may be occasion when the malicious persons, just to harass the proprietor may use his mark by way of pinpricks.... The mere use of the name is irrelevant because a registered proprietor is not expected to go on filing suits or proceedings against infringers who are of no consequence... Mere delay in taking action against the infringers is not sufficient to hold that the registered proprietor has lost the mark intentionally unless it is positively proved that delay was due to intentional abandonment of the right over the registered mark. This Court is inclined to accept the submissions of the respondent No. 1 on this point... The respondent No. 1 did not lose its mark by not proceeding against insignificant infringers..."

22. In fact, in Dr. Reddy Laboratories v. Reddy Paharmaceuticals 4, a Single Judge of this Court has held as under:-

"...the owners of trade marks or copy rights are not expected to run after every infringer and thereby remain involved in litigation at the cost of their business time. If the impugned infringement is too trivial or insignificant and is not capable of harming their business interests, they may overlook and ignore petty violations till they assume alarming proportions. If a road side Dhaba puts up a board of "Taj Hotel", the owners of Taj Group are not expected to swing into action and raise objections forthwith. They can wait till the time the user of their name starts harming their business interest and starts misleading and confusing their customers."

(Emphasis supplied) (1970) 3 SCC 665 (1989) 7 PTC 14 Digitally Signed (2004) 29 PTC 435 Signing Date:08.05.2023 12:13:44

20. The issue of whether the plaintiff's trade dress is common to the trade is, therefore, essentially a matter of trial. Even otherwise, I am satisfied, prima facie, that the individual marks Royal Queen and Royal Green, when used for identical products, and when used on packings which are as similar

as those which are before the Court in the present case, are undoubtedly likely to result in confusion in the mind of the consumer.

21. Ms. Jain has also clarified that the defendant applied only in June 2022 for excise clearance to clear and sell goods using the impugned trade dress. She submits that sales of the product can be effected only after such clearance is obtained. It is not, therefore, as though the defendant has been selling the products bearing the impugned trade dress since long, so as to inhibit the Court from granting an injunction at this stage.

22. Where a prima facie case of infringement and passing off is made out, the Supreme Court, in para 14 of *Laxmikant V. Patel v. Chetanbhai Shah*⁵ and in para 5 of *Midas Hygiene Industries P. Ltd. v. Sudhir Bhatia* ⁶, clearly holds that the Court has necessarily to injunct further release, manufacture and sale of the infringing.

23. In the aforesaid facts and circumstances, let the plaint be registered as a suit.

24. Issue summons.

25. Summons are accepted on behalf of defendant by Ms. Payal 2002 3 SCC 65 Digitally Signed (2004) 3 SCC 90 Signing Date:08.05.2023 12:13:44 Jain.

26. Written statement, accompanied by affidavit of admission/denial of the documents filed by the plaintiff be filed within 30 days with advance copy to learned Counsel for the plaintiff who may file replication thereto, accompanied by affidavit of admission/denial of the documents filed by the defendant within 30 days thereof.

27. List before the learned Joint Registrar (Judicial) for completion of pleadings, admission and denial of the documents and marking of exhibits on 5th July 2023, whereafter the matter would be placed before the Court for case management hearing and further proceedings.

I.A. 8682/2023 (under Section 12A of the Commercial Courts Act, 2015)

28. In view of the judgment of the Division Bench of this Court in *Chandra Kishore Chaurasia v. R.A. Perfumery Works Pvt Ltd* ⁷, exemption is granted from the requirement of pre-institution mediation under Section 12A of the Commercial Courts Act, 2015.

29. The application stands allowed accordingly.

I.A. 8683/2023 (under Order XXXIX Rules 1 and 2 of the CPC)

30. This is an application under Order XXXIX Rules 1 and 2 of the Code of Civil Procedure Code, 1908 (CPC) seeking interlocutory injunctive reliefs. The facts as stated hereinabove make out a prima facie case of infringement as well as passing off. As such, the plaintiff 2022 SCC OnLine Del 3529 Signing Date:08.05.2023 12:13:44 is entitled to interlocutory ad interim injunction.

31. Issue notice in the application. Notice is accepted by Ms. Payal Jain.

32. Reply, if any, be filed within four weeks with advance copy to learned Counsel for the plaintiff who may file rejoinder thereto within four weeks thereof.

33. List before the Court on 27th July 2023.

34. For the reasons aforesaid, till the next date of hearing, the defendant, as well as its proprietors, partners and all others acting on its behalf shall stand restrained from advertising, manufacturing, offering for sale, selling or dealing in any manner with alcoholic beverages using the mark ROYAL QUEEN and/or the packaging/trade dress shown in para 10 supra, or any other mark or trade dress which is deceptively similar to the registered trademark and trade dress of the plaintiff.

35. This Court is not interdicting products which have already entered the market. However, defendant shall be restrained from manufacturing or clearing or releasing into the market any further products bearing the impugned mark Royal Queen, in the impugned trade dress or any other trade dress which is deceptively similar to the trade dress adopted by the plaintiff. In order to avoid any confusion on this score, it is clarified that the defendant is not, for the present, enjoined from using the trade dress

36. In its written statement, the defendant shall also disclose the existing stock of whisky bearing the mark Royal Queen using the impugned trade dress which is presently in stock with it.

37. Caveat stands discharged.

I.A. 8684/2023 (under Order XI Rule 1(4) of the CPC)

38. By this application, the plaintiff seeks permission to file additional documents.

39. The plaintiff is permitted to place additional documents on record in accordance with Order XI Rule 1(4) of the Code of Civil Procedure, 1908 (CPC) as amended by the Commercial Courts Act within 30 days from today.

40. The application stands disposed of accordingly.

I.A. 8685/2023 (under Section 151 of the CPC)

41. Subject to the plaintiff filing legible copies of any dim or illegible documents on which it may seek to place reliance within four weeks from today, exemption is granted for the present.

42. The application is disposed of C.HARI SHANKAR, J MAY 4, 2023/ar