

Frito-Lay India & Ors. vs Radesh Foods & Anr. on 8 April, 2009

Author: Manmohan Singh

Bench: Manmohan Singh

* HIGH COURT OF DELHI : NEW DELHI

+ CS (OS) No.1686/2003

% Judgment reserved on : 12th March, 2009

Judgment pronounced on : 8th April, 2009

Frito-Lay India & Ors. ...Plaintiffs
Through : Ms. Pratibha M. Singh, Adv. with
Ms. Bitika Sharma & Ms. Nidhi Bisht,
Adv.

Versus

Radesh Foods & Anr. Defendants
Through : Defendant No.1 is ex parte

Coram:

HON'BLE MR. JUSTICE MANMOHAN SINGH

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|--|-----|
| 1. Whether the Reporters of local papers may be allowed to see the judgment? | Yes |
| 2. To be referred to Reporter or not? | Yes |
| 3. Whether the judgment should be reported in the Digest? | Yes |

MANMOHAN SINGH, J.

1. The present suit has been filed by the Plaintiff for Permanent Injunction, infringement of Trademarks, Copyright and passing off and damages etc. against the Defendants.

2. When the suit was instituted, Plaintiff no. 1 was Fritolay India which now stands merged with Plaintiff no. 2 Company. During the pendency of the present suit, the mark LAY S along with the Sun Banner Device as also the Sun Banner Device per se have become registered trade marks. In order to incorporate and bring on record these subsequent facts, the plaintiffs had moved an application under Order 6 Rule 17 CPC being I.A. No. 2994 of 2005 and the same was allowed vide order dated 05.05.2005. The case of the Plaintiff is that the Plaintiff no. 1 Company is a Corporation existing under the laws of the United States of America.

3. PepsiCo India Holdings (P) Limited is duly authorised to take all actions to protect the various intellectual property rights of the Plaintiff no. 1 Company and its subsidiaries

4. The Plaintiff Company together with its subsidiaries, affiliates, associate companies is the largest seller of salted snack foods in the world. The salted snack foods of the Plaintiffs range from potato chips, corn chips, crunchy cheese balls and various Mexican snacks to bhujia and namkeens like Aloo Bhujia and Navratan Mix. These salted snacks of the Plaintiff Company are introduced in India under various trade marks, inter alia, Lay s Cheetos, Ruffles, Lehar etc. since 1990.

5. The present case specifically relates to the Lay s mark and packaging which has been used and adopted by the Plaintiffs in India.

6. The Defendants have adopted a deceptively similar mark "Leo" written in identical writing style as also the packaging, colour combination, layout, get - up and all the distinctive elements of the Plaintiff s packaging.

7. It is contended that the Defendant no. 1 was at the time of institution of the suit, manufacturing the impugned products till July, 2003 but thereafter the products are being manufactured and sold by Defendant no. 2, Sambhav Foods.

8. It is averred in the plaint that the "Lays" mark & logo and the "Sun Banner Device" trade marks are registered trade marks in India. The details of the registrations are as under:

Registration No.	Mark	Class
838858	Lays + Sun Banner Device	29

9. It is stated in the Plaint that the Lay's mark and the Sun Banner Device have also been registered in the Plaintiff's name in several countries of the world. These include African Union (O.A.P.I.), Australia, Benelux, Brazil, Canada, China, Dominican Republic, Egypt, European (O.H.M.I.), France, Germany, Hong Kong, Hungary, Israel, Italy, Japan, Kuwait, Mexico, New Zealand, Philippines, Poland, Russian Federation, Saudi Arabia, Singapore, South Africa, Taiwan, Thailand, United Kingdom, United States of America, Venezuela etc.

10. It is mentioned in the Plaint that the Lay's mark and the artistic manner of writing the same is an original artistic work under the Copyright Act, 1957. The Sun Banner Device is also an original artistic work belonging to the Plaintiff Company. The same have been created for and on behalf of the Plaintiff Company and are globally used. These works are entitled to protection under the Copyright Act, 1957 as artistic works.

11. The Lay's Potato chips is one of the most well known products of the Plaintiffs in India and manufacture potato chips of various flavours. The Plaintiff's started manufacturing potato chips in the year 1989. The Plaintiffs use state-of-the-art machines/equipment for the manufacture of its potato chips. In the manufacturing process, the Plaintiffs employ vigorous quality control standards. The Plaintiffs possess enormous amount of goodwill in its products and are market leaders.

12. It is further stated that the current packaging of the Lay's potato chips was introduced in the year 2002. The front side of the packaging consists of a white oval picture with a blue border. In the centre of the oval is the distinctive „Sun Banner Device“. In the centre of the sun banner device, the word Lay's is written in white script in blue outline. The Plaintiffs have also prepared and published a Manual which prescribed the rules, conditions and parameters for the use of the Lay's Sun Banner Device trade mark on packaging. The Plaintiffs have spent huge sums of money on popularizing and marketing its Ruffles Lay's/Lay's pack through sales promotions, advertisements through the print as well as electronic media.

13. The Plaintiffs' products are also very popular among children, as it has extensively advertised its products in various children's publications including Motu Patlu and Dreaded Robber, Taiji and Tree of Sapodilla, Raman and Tea, Dynamite Series Mafia, 077 James Bond - 78, Mandrake - 76, Phantom - 89, Little Wonders Big Fun, Pran's comics etc. The Lay's potato chips of the Plaintiffs are extremely popular worldwide. This is evident from the sales figures of approximately 140 crores in 2002 in India alone for the said product.

14. Due to an ever - increasing popularity of the potato chips of the Plaintiffs, the Defendants who are manufacturing potato chips have, in an illegal manner with fraudulent intentions copied the Plaintiff's packaging for potato chips. The Defendants have copied all the essential elements of the Plaintiff's get up, trade dress and packaging.

15. The potato chips of the Defendants are marketed and sold under the trade mark "Leo" and a mere look at the conflicting packaging as well as the two labels/marks. "Lay's" and "Leo" clearly

shows that the acts of the Defendants are deliberate, conscious and fraudulent.

16. The similarities between the Plaintiffs and Defendants packaging are mentioned in the plaint, the details of which are as under:-

TABLE OF SIMILARITIES S. No. Plaintiff s Packaging Defendant s Packaging

1. The entire packet is red in The entire packet is red in colour. colour.
2. Underneath the small red Underneath the small red portion portion is a white oval (egg- is a white oval (egg-shaped) area shaped) area with blue with blue border.
border.
3. The whitish area has the trade The whitish area has trade name/mark Frito-Lay of the name/mark „Sambhav of the Plaintiff in white script on a Defendant in a white script on a red background on the top. red background on the top.
4. Within this white area, the Within this white area, the word word "Lay s written in thick „Leo" written in thick white white lettering with the lettering with the shadow effect, shadow effect, appears with appears within a circle which is in a circle which is yellow in yellow in colour towards the top colour towards the top and and bottom and has a major red bottom and has a major red portion in the centre. Therefore, portion in the centre. This is the essential colour of red, white, known as the "Banner Sun" and yellow have been maintained Design. in a similar form as in the Banner-sun design.
5. The word Lay s is written The word Leo is written with the with the letter „L sliding letter „L sliding below the next below the next letter. letter.
6. Below this is a horizontal Below this is a horizontal elongated banner with blue elongated banner with blue outline and the words outline and the words „Tangy "Spanish Tomato Tango" in Tomato in white script. white script
7. Below this is a picture of Below this is a picture of ridged/crinkled chips in ridged/crinkled chips on a bright yellow colour on a bright red red background.
background.
8. On the bottom right side of On the bottom right side of the the packaging appear the packaging appear the words words „Potato Chips in black „potato Chips in black script. script
9. The back side of the The back side of the packaging is packaging is predominantly predominantly of red and white of red and white colour with colour with a device similar to the sun banner device on top the sun banner device on top of right side. right side.

10. The sign of a person The sign of a person throwing throwing the litter in a the litter in a garbage can garbage can appears at the appears at the bottom. bottom

17. On 11.09.2003 this Court while granting ex parte ad-interim orders also appointed a Local Commissioner Mr. Raghu Tandon, who visited the premises of the Defendants on 19.09.2003 at Nasik and on 20.09.2003 at Mumbai.

18. The Report of the Local Commissioner revealed that the Defendants were in fact earlier using a different packaging under the name "Leo chips" written in a completely different font having a different get up & colour combination. However the Defendants also had a new packaging which is the impugned packaging & was identical/similar to the Plaintiffs packaging. As per the Report of the Local Commissioner, the alternative packaging of the Defendants is evidence of the fact that the adoption of the new impugned packaging by the Defendants was deliberate, dishonest and malafide. The intention was to merely capitalize on the goodwill and reputation of the Plaintiff s mark and packaging.

19. It is further stated that the Plaintiffs have constantly changed their packaging in order to retain the uniqueness and exclusivity. Irrespective of the fact that the Plaintiffs have changed their packaging from time to time, some logos, prints (including the writing style of the letter „L sun banner design, the display of chips under the sun banner design etc.) have been adopted in all of their packaging styles. The Defendants have copied all these basic features of the Plaintiff s packaging to pass off their goods as that of the Plaintiff s.

20. The Plaintiffs aver that the customers and public identify the said distinctive packaging with the Plaintiff s alone. Owing to the nature of the goods, nature of purchase, class of customers, the adoption of a similar label and/or packaging with an identical/similar get up, colour scheme, devices etc., is bound to create confusion and deception in the market. The consumers of these products are also children which enhances the chances of confusion. Therefore, the adoption of a similar packaging by the Defendants for the manufacture and sale of their chips but not containing the same quality of chips is leading to severe tarnishment of the goodwill and image of the Plaintiff Company.

21. The defendants in this matter are ex parte. The plaintiffs have produced the evidence by way of the affidavit of Mr. V.R. Shankar, Vice President (Legal) of Plaintiff No.2 company as well as the affidavit of Mr.Yogesh Tikmiani, Manager (Commercial) of Pepsi Co. In the affidavit of Mr.V.R.Shankar, he has almost confirmed the statements made in the plaint and has also denied the defenses raised by the defendants in the written statement. The witness has also proved the documents which are Ex.PW-1/1 to Ex.PW-1/16.

22. In another affidavit of Mr. Yogesh Tikmiani who is Manager (Commercial) of Pepsi Co., he has alleged that he has seen the packaging of the plaintiff as well as the defendant. This witness has also gone through the report of the Local Commissioner who visited the premises of the defendant and according to him from the said report, it appears that defendant No.1 who is the manufacturer of this product had a good quantum of sale which is evident from the stock which was found when the

Local commissioner visited the said premises. The quantum of sale details are mentioned in Para 5 of his affidavit.

23. It is stated in the affidavit that according to defendant No.2, in Para 4 of the written statement that the defendant No.1 was merely a manufacturer and supplier of chips and the entire responsibility including brand management was that of defendant No.2. In Para 12 of the affidavit, it is stated that the defendant's adoption is obviously dishonest and malafide.

24. The sales made by the defendants are liable to be granted as damages to the plaintiff. The reasonable estimate of sale made by the defendants is approximately Rs.16,12,800/-. It is also stated in Para 13 that the plaintiff is entitled for compensatory and punitive damages as the adoption is dishonest, deliberate and with malafide intention. The punitive damages if accessed at 10% of the plaintiff's annual marketing/promotional expenditure would be to the tune of Rs.20,26,000/-. Thus, the total damages claimed by the plaintiff against the defendants are Rs.41,40,300/-. Now, this court shall deal with the matter as per issues framed in the matter.

25. Issue no. 1 -

Whether the packaging of the Defendants is the same or is a substantial reproduction or colourable imitation of the Plaintiff's packaging in relation to snack products and constitutes infringement of Plaintiffs copyright therein? OPP

26. The packaging of Plaintiff's as well as Defendants are marked as Exhibit PW 1/12 and Exhibit PW 1/13 respectively and are represented below:-

27. It appears from the report of the local commissioner that at the time of institution of suit, the Defendants already had an alternate packaging available, but the Defendants deliberately copied all the essential features of the Plaintiffs' LAY'S packaging, merely to pass off its products as that of the Plaintiffs'.

28. Learned counsel for the plaintiff has argued that the use of deceptively similar packaging constitutes infringement of Plaintiff's copyright in as much as:-

The Plaintiffs are the owners of the copyright in the packaging within the meaning of Section 2(c) of the Copyright Act 1957 being an original artistic work.

India is a member of Berne Convention and also of Universal Copyright Convention. Therefore, the Plaintiffs are entitled to protection irrespective of whether there is a claim of copyright on the work or not.

For the purpose of infringement, a copyright need not be registered.

The pictorial and the artistic design of the packet is an 'artistic work' under the Copyright Act. The same is an original work being coveted property of the Plaintiffs.

Sun banner device with predominant colour red and yellow is exclusive property of the plaintiffs.

Plaintiffs' have been using the packaging since year 2002.

Infringement of Copyright

29. In the case reported at 1999 PTC Page No.188 Burroughs Wellcome (India) Ltd vs.Uni-Sule Pvt.Ltd, it was observed at Page No.192 as under:-

"Copyright is a form of intellectual property. With advancement in technology it is very easy to copy. The basic test in actions based on the infringement of the copyright is that if a thing fetches a price, it can always be copied and therefore, it needs adequate protection. It is well settled that although under the Copyright Act, 1957, there is a provision of registration, under Section 44 of the Act. It is not in doubt that the said procedure is an enabling provision and registration is not compulsory for the purpose of enforcing copyright. Section 44 of the Act provides for registration of work in which copyright exists but in order to claim copyright registration is not necessary. This is because registration is only to raise a presumption that the person shown in the certificate of registration is the author. This presumption is not conclusive, but no further proof is necessary unless there is a proof rebutting the contents of the said certificate. Under Section 48 of the Registration Act, therefore, the act of registration is ex-facie prima facie evidence of the particulars incorporated in the certificate. There is no provision under the Act which deprives the author of the rights on account of non registration of the copyright. There is nothing in the Act to suggest that the registration is condition precedent to the subsistence of the copyright or acquisition of copyrights or ownership thereof or for relief of infringement of copyright. The sine-qua non of existence of a copyright is expenditure of skill, labour and capital on any work expended by a person/author and unless the original work is produced in court to prima facie show that the work has originated from author, no relief can be granted.

In other words, copyright exists even without it being registered for the purpose of its enforcement. The nature of copyright is also meant to be borne in mind. It subsists in any material form in which ideas are translated. Copyright is an incorporeal right. It does not lie in any idea, but it lies in the expression in which the idea is expressed. The work of an author therefore, becomes the subject matter of the copyright. In essence the copyright is a negative right of preventing copying of physical material in the field of art, literature etc. Once an idea is written down, the writing becomes the subject matter of copyright. With globalisation and advancement of technology, even computer programmes come within the copyright. Any work conveying a particular information comes within the subject matter of a copyright and it needs protection."

30. In *M/s. Anglo-Dutch Paint, Colour and Varnish Works Pvt. Ltd vs. M/s. India Trading House*, AIR 1977 Delhi Page 41, the plaintiff claimed the relief on the basis of get up, layout and arrangement of violet and grey and colour combination of the plaintiff's container. It was alleged that the defendant has very recently adopted identical container in respect of white paints as mentioned in Para 3 and 4 of the judgment. In Para 9 of the said judgment, it is observed as under:-

"Having noticed the principles which have to be borne in mind, the application thereof is not difficult in the present case. It is true that there is a phonetic difference between the numerals "1001" and "9001" but taking into account the entire get up the combination of colours, it will be noted that the essential features of plaintiff's containers have been absolutely copied. The entire scheme of the containers is also the same. There is a common large circle with the same colour scheme and with the same background. There is the same description of Superior White on top and Zinc paint on the bottom in the circle. Again, the White circle with grey lettering is identically super-imposed on violet background. The only difference is that instead of white parallelogram shapes on top and base borders there are white triangles and on the white parallelograms instead of numeral "1001" in grey lettering, the numeral on the defendant's container is "9001" but the overall effect is just the same. The commodity is such that it is likely to be purchased by customers from all strata of society including the petty "kapkhandars" and contractors."

31. In the case reported at AIR 1979 Delhi 114 *Vicco Laboratories vs. Hindustan Rimmer*, Delhi., the case of the plaintiff before court as per Para 9 was that the plaintiffs have been marketing the cream in a collapsable tube of 3 different sizes which has the distinctive get up etc. The collapsable tube has red background with floral design in yellow colour under the trade mark „Vicco Turmeric Vanishing Cream“ in the carton as well as tube in yellow strip in the bottom. The case against the defendant was that they have been marketing the vanishing cream in the carton and tube which are a colourable imitation of the plaintiff's carton and tube under the trade mark „Cosmo“. This court granted the injunction against the defendant and held at para 13 as under:-

"The plaintiffs claim passing off by the defendants of their product as and for the product of the plaintiff's on the basis of copy of the distinctive get up and colour scheme of the collapsible tubes and the cartons by them. The defendants are not entitled to represent their goods as being the goods of the plaintiffs. The two marks "Vicco"

and "Cosmo" used by the plaintiffs and defendants respectively are no doubt different and the mark "Cosmo" by itself is not likely to deceive but the entire get up and the colour scheme of the tube and the carton adopted by the plaintiffs and the defendants are identical in every detail and are likely to confuse and deceive the customer easily. The get up and the colour scheme of the plaintiff adopted in every detail by the defendants for their tube and carton cannot be said to have been adopted by the defendants unintentionally."

32. In the case of Nova Ball Bearing Industries vs. Mico Ball Bearing PTC (Supp) (1) 497(Del), it has been held at para 7 page no. 499 as under:-

"A comparison of the two cartons "NOVA" and "JANI" would reveal that two cartons are exactly similar in size, colour scheme and get up, the only difference that the trade mark of the defendants is written at 5 places and that of the plaintiff at 3 places. The two cartons bear such a close resemblance that they can easily confuse and deceive a customer."

33. In Cases and Material on Trade Mark and Allied Laws, Vol.I at Page No.969 Muller & Phipps International Corporation & another vs. Anita Cosmetics & another, following observations are made at para 5 page no. 971:-

"It is true that the use of the mark COUNTESS by itself is not likely to deceive the customers. But if the two containers CUTICURA and COUNTESS are put side by side, it becomes apparent that in the get up, colour scheme and the similarity the containers are so similar that they easily confuse and deceive the customers. The defendant No.1 has adopted the get up and colour scheme of the container to the plaintiffs in every detail and they are identical in appearance."

34. In the case of Sodastream vs Thorn cascade Co Ltd. reported at 1982 RPC 459, the plaintiffs were marketing the gas cylinders of grey colour under their trade mark „Sodastream and the defendants having also been marketing their black colour cylinders under their own trade mark „Thorn Cascade , the proposals of the defendants to refill the grey colour gas cylinders of the plaintiff, even with their own trade mark amounts to passing off as the grey colour cylinder is distinctive of the plaintiffs in respect of which the reputation accrued in favour of the plaintiffs. Interlocutory injunction granted.

35. In another case reported in 1972 RPC Page 1 Hoffmann-La Roche & Co.A.G. vs. D.D.S.A.Pharmaceuticals Limited, the plaintiffs manufactured and marketed chlordiazepoxide in distinctive black and green capsules bearing the word "Roche" on each capsule, the defendants also marked and advertised the drug chlordiazepoxide in black and green 10mg capsules which were identical to those of the plaintiffs except that they bore the letters "DDSA" instead of the plaintiffs name. The plaintiffs were granted interlocutory injunction to restrain the defendants from passing off capsules of the patented drug as the goods of the plaintiffs. It was held that marketing of the capsules by the defendants in almost identical form to those of the plaintiffs was calculated to cause damage to the plaintiffs. It was further held that there was a likelihood of confusion as both the capsules contained the same drug. The public were not concerned with the identity of the manufacturing of the capsules as long as the capsules contained the same substance and had the same effect.

36. In case reported at 1974 RPC 91 at Page 95, Smith Kline & French Laboratories Limited s Trade Mark Applications, it was observed as under:-

" The upshot of all these cases is to my mind to establish that a scheme of colouring applied to goods may be a mark within the definition in section 68. That definition as was pointed out in contrast to other definitions in the Act, starts with the word "includes" showing that the definition is purposely not limited to the precise words which follow. The combination of colour giving a speckled effect in the present case is, in my judgement, no less a mark than the red lines in Redduway's hose case of the "heading" in the cotton cases and in the Winter-Hoffmann-La Roche chlodiazeoxide case."

It was further observed:-

"The truth of the matter is I think as follows. In some cases the colour is an essential part of the article as an article whilst in others it is something which is not essential and has been added for some other reason. If it has been added so as to denote the origin of the goods, and the evidence shows that in practice it does so, it can properly be said that it is being used as a mark in the trade mark sense. The answer is no doubt one of degree and will depend on the evidence. It would be highly unlikely that colour in a lipstick could ever become distinctive of one manufacturer because in such a case colour is an essential element in and part of the article itself. It is for that reason that the customer buys it. Colour in a passenger motor car would normally be in a similar but not so conclusive a position, but I see no reason why a trader, as some do, should not paint his delivery vans or racing cars in specific distinct colours to indicate the origin of the car or of the goods it normally carries as emanating from him. With drugs, on the other hand, the position is the opposite of the lipstick. Colour is of no importance to the article as a drug and it may, if sufficiently, distinctive, be an exceedingly effective indication of origin."

It was further observed:-

"I cannot see why other manufacturers should want to adopt the applicants' colour arrangements here except for the improper motive of trying to benefit from the latter's established goodwill."

37. In the case of Tavenor Rutledge Ltd. Vs. Specters Ltd., 1959 RPC Page 83 at Page 88, it was observed as under:-

"It seems to me that one has to take into consideration people who have what is called imperfect recollection, as was pointed out in the case of Saville Perfumery Ltd. Vs. June Perfect Ltd. (1941) 58 RPC 147 at 174.5 and one has to allow for cases where the person who has not got the two tins side by side perhaps does not remember the plaintiff's name accurately, or does not know that there are two different traders in the same line of business, or many others for that matter, and takes a casual glance at the tin and imagines that it is the kind of fruit drops that he wants, not entirely casually, but looking at it in the ordinary way that such a customer would go into a

shop and see a pile of tins or something of that sort. Afterwards of course raise objection, but it seems to me that it is a case of confusion if customers are induced to buy by a recollection of the general get up of the plaintiffs tin so that they purchase a tin of the defendants sweets by mistake and I am bound to say that I have come to the conclusion that such confusion is not only possible but is likely."

38. In the case of B.K. Engineering vs UBHI Enterprises, AIR 1985 Delhi 210(DB), it was observed :

"Competition must remain free. It is true it is the life blood of free enterprise system. It is essential that trading must not only be honest but must not even unintentionally be unfair."

In view of the above said well known settled law on the subject, it is clear that the defendant is guilty of infringement of copyright and passing off their goods as the goods of the plaintiff. From the above said judgments cited it is clear that in most of the cases the copyright has been claimed by the plaintiff on the article itself. It is also pertinent to mention that the subject matter of the colour combination, get-up and layout are not only covered in the subject matter of copyright but also covered under the common law remedy i.e. law of passing off. Even in the New Trade Mark Act 1999 the definition of the mark is given in Section 2(m) which says that "Mark" include a device, brand, style, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof. As per the definition and as per the judgments mentioned above it is clear that the colour scheme, get up, layout and combination of colours is covered under the action for passing off also. In view of this, in the present case the defendants have infringed the Copyright of the Plaintiff. This issue is accordingly decided in favour of the Plaintiff.

39. In view of the well settled law and facts of the present case, the plaintiff has discharged their burden on issue no. 1 and the same is decided accordingly in favour of the plaintiff.

40. Issue no. 2:-

"Whether the plaintiff is entitled to injunction restraining the defendant from using the label „Leo and packaging which has been used by it? OPP"

As observed in earlier paras of this Judgment that the Defendants packaging bears overall similarity to the Plaintiff s packaging. Since the Defendants label LEO and packaging thereof is deceptively similar to the Plaintiffs label LAY S and packaging as explained above in the chart of similarities, the Plaintiffs are entitled to injunction. This issue is also decided in favour of the plaintiff in view of discussion made in para 25 to 38 above.

Whether the use of the trademark LEO is an infringement of the rights of the Plaintiff in the trademark LAY'S and the Sun banner device? OPP The Plaintiffs have placed on record the original legal proceedings certificates for the various trade marks No. 453831B, 453832B, 838858 & 838860.

Plaintiffs mark LAY S per se is registered. [Exhibit PW 1/5 and PW 1/6] Plaintiffs sun banner device is also registered. [Exhibit PW 1/4] Plaintiffs LAY S mark + Sun Banner device is also registered.

42. The evidence has been lead by the Plaintiffs also annexing therewith a complete list of global registration of the mark LAY S and sun banner device [Exhibit PW 1/7]. The sales and advertising figures of the plaintiffs are also set out in the plaint

43. The Plaintiffs are the registered proprietors of the mark LAY S and sun banner device. Use of a deceptively similar mark LEO to Plaintiffs registered mark LAY S and the use of deceptively similar representation of LEO in a device which is similar to Plaintiffs registered sun banner device amounts to infringement under section 29 of the Act.

44. In the case of Parle Products (P) Ltd. vs. J.P. & Co., Mysore, AIR 1972 SC 1359 in para 8, the Apex Court held as under :

"8. According to Karly s Law of Trade Marks and Trade Names (9th Edn., para 838):

"Two marks, when placed side by side, may exhibit many and various differences, yet the main idea left on the mind by both may be the same. A person acquainted with one mark, and not having the two side by side for comparison, might well be deceived, if the goods were allowed to be impressed with the second mark, into a belief that he was dealing with goods which bore the same mark as that with which he was acquainted. Thus, for example, a mark may represent a game of football; another mark may show players in a different dress, and in very different positions, and yet the idea conveyed by each might be simply a game of football. It would be too much to expect that persons dealing with trade marked goods, and relying, as they frequently do, upon marks, should be able to remember the exact details of the marks upon the goods with which they are in the habit of dealing. Marks are remembered rather by general impressions or by some significant detail than by any photographic recollection of the whole. Moreover, variations in detail might well be supposed by customers to have been made by the owners of the trade mark they are already acquainted with for reasons of their own."

45. In view of the decision of the Apex Court referred above, it is clear that the defendants have infringed the registered trademark of the plaintiff as essential features have been appropriated by the defendant. Hence, this issue is also decided in favour of the plaintiff.

46. Issue No. 4 -

Whether the user of the trademark LEO and Sun banner by the Defendant amounts to passing off its goods as those having association with the goods of the plaintiff and entitles the plaintiff to grant of injunction? OPP For deciding this issue, following facts can be taken into consideration:-

a) Plaintiffs have been using the LAY S packaging with sun banner device since year 2002.

b) Over the years, the Plaintiffs, have acquired distinctiveness in the said mark, label and packaging.

The sales figures and advertisement figures have been given in the affidavit filed as evidence. The Defendants are using the similar mark as well as packaging in respect of identical goods i.e. potato chips.

c) The Defendant has adopted all the essential feature of Plaintiffs packaging.

d) These are the goods meant for consumption and a large portion of consumers thereof compromises of children who might not be able to differentiate between LAY S and LEO if the packaging and get - up is similar.

e) Further, there has been deliberate misrepresentation on behalf of the Defendant as apparent from the LC s report which shows that although Defendants had an alternate packaging, they deliberately adopted and copied all the essential features of Plaintiffs packaging in order to cash piggy back on Plaintiffs reputation.

f) For purpose of asserting the chances of confusion, the test to imperfect recollection by common man is to be seen. The Defendants packaging bears overall similarity to the Plaintiffs packaging and thus chances of confusion are inevitable.

47. Hence, issue no. 4 is decided in favour of the plaintiff.

48. Issue No. 5 -

Whether the colour combination and get up of the plaintiffs packaging is unique and has become distinctive of the products of the plaintiff? OPP

i) The original packaging of the Plaintiff s registered mark Lay s marked as Exhibit PW 1/12 is unique in style and was introduced in the year 2002. The packaging and colour combination of the Plaintiffs has instant recognition attracting the purchaser. The colour combination used by the plaintiffs and the various aspects of the colours are peculiar to the plaintiffs and are identified as such. Though, broadly speaking, the packaging has primarily colour of yellow, red and white, the manner in which it has been used by the plaintiffs has attained secondary significance. In fact, the Banner Sun Design with predominant colour red and yellow is a characteristic feature of the Plaintiffs packaging and is exclusively associated with the plaintiffs alone.

ii) The conceptualization, arrangement and depiction of the pictorial and artistic design of the plaintiffs pack is the art work of the advertising agency of the plaintiffs for and or behalf of the plaintiffs.

iii) The Plaintiff no. 1 is the owner of the copyright in the said packet design within the meaning of Section 2(c) of the Copyright Act and is entitled to protection to all rights in the said artistic works.

iv) The packaging as described above apart from being a copyrightable work also constitutes a mark as defined in the Trade and Merchandise Marks Act, 1958.

Section 2(j) of the said reads as under:

2(j) "mark" includes a device, brand, heading, label, ticket, name, signature, word, letter or numeral or any combination thereof.

v) Apart from this, the evidence has been lead by the Plaintiffs also annexing therewith a complete list of global registration of the mark LAY S and sun banner device [Exhibit PW 1/7]. The sales and advertising figures of the plaintiffs are also set out in the plaint.

vi) Thus, the Plaintiffs own all the copyrights in their packaging. The plaintiffs further own all the rights in the trade marks, get - up, layout, arrangement, colour combination of their products. The Plaintiffs are entitled to protect the same both under the statutory and common law.

vii) The packaging of the defendants is identical in all material respects to the plaintiffs Lay s packaging.

The defendants have adopted this packaging only with a view to confuse and cause deception and further to encash upon the plaintiffs reputation and goodwill. In fact on placing the two packaging s together in a bunch, it becomes impossible to identify as to which is the packaging of the plaintiff s and the defendants . The essential features of the plaintiffs packaging are copied by the defendants. Thus, the defendants packaging is substantially similar in virtually every detail and projects a virtually identical looks as that of the plaintiffs.

viii) There are many combinations and permutations of designs, colours and graphics that can be achieved and used in relation to packaging designs, for instance packaging of other manufacturers of potato chips such as Haldiram, Bikaner etc. It is clear that the defendants adoption and use of the impugned packaging design is not a mere coincidence or an innocent act but, a concerted and a deliberate attempt to achieve the maximum proximity with the plaintiffs Lay s packaging design. The use of a similar looking packaging or a similar mark constitutes violation of the plaintiffs copyright as also constitutes Infringement of trade mark, passing off, which is clearly liable to be curbed by way of injunction order.

49. Issue no. 5 is thus decided in favour of the plaintiff.

50. Issue No. 6 -

Whether the plaintiff is entitled to a decree for injunction as prayed for? OPP The Plaintiffs are the prior adopter, registered proprietor and honest users of the mark LAY S and its packaging. The balance of convenience is in favor of Plaintiff in as much as the Plaintiffs honestly adopted the mark LAY S , the sun banner device and packaging with peculiar colour combinations, layout etc. and has been using the same for its potato chips since the year 2002. On the other hand, the Defendant is a much subsequent adopter of impugned packaging. Also the defendants have not come up with clean hands in this case as apparent from the Local Commissioner's report which reveals that the Defendants although had a different packaging, deliberately adopted a deceptively similar packaging to that of the plaintiffs. The goodwill and reputation of the Plaintiffs is likely to suffer enormous damage and irreparable loss if the defendants are allowed to use the impugned packaging, get up and trade dress. The acts of defendant apart from being grossly unfair also constitute passing off of its products as that of the plaintiffs. The plaintiffs have set up a prima facie case against the Defendants. Thus, the defendants are liable to be restrained forthwith by the order of the injunction by this Court from using the impugned packaging. The defendant is also liable to render accounts and pay damages.

51. Issue No. 7 -

Whether the plaintiff is entitled to decree of damages, as prayed for? OPP The Plaintiffs are entitled to damages in the present case in as much as the Plaintiffs have been using the mark LAY S and its peculiar packaging since year 2002. The Plaintiffs have invested huge amounts on sales and promotion of the brand. A detailed affidavit of Mr. Y. Tikamani computing the damages have already been filed in the present proceedings and is prayed to be referred to. The total damages computed therein are of amount of Rs. 41,40,300/. The intention of the Defendant is dishonest and mala fide. Under such circumstance, the Defendant is liable to pay damages as ascertained by the Plaintiffs and/or as directed by this court.

52. There is no doubt that the defendants have intentionally and deliberately used the similar packaging as that of the plaintiff which amounts to infringement of plaintiff's copyright as well as the defendants were passing off their goods as that of the plaintiff in spite of the fact that the defendants at the same time have a total different packaging which were never objected by the plaintiff. The said circumstances clearly establish that the new packaging adopted by the defendants is deliberate and intentional and no justification or reasons have been assigned by the defendants to use the same. Therefore, I feel that the plaintiff is entitled for partial damages as claimed in the affidavit.

53. In *Meters Ltd. v. Metropolitan Gas Meters Ltd.*, (1911) 28 RPC 157 (UK), it was held that in the case of an infringement of patent, damages were computed as follows :

"(no. of infringing articles) x (the sum that would have had to be paid in order to make the manufacture of that article lawful)

- Where the defendants were acutely aware of the implications of their act and committed them willfully and intentionally in flagrant violation of the plaintiff's

copyright and trademark, substantial additional damages are awarded."

54. In *Amarnath Sehgal Vs. Union of India*, 2005 (30) PTC 253 (Del) it was observed that compensatory damages may be paid where the acts and commissions of the defendants violate the established rights of the plaintiffs.

55. In *Microsoft Corporation v. Kiran*, 2007 (35) PTC 748 (Del) it has been held that „wilfully, intentionally and flagrantly violating the copyrights and trademark is deliberate and calculated infringement.

56. In the case of *Time Incorporated Vs. Lokesh Srivastava*, 205 (30) PTC 3 (Del) wherein the Court has expressly recognized third type of damages as punitive damages apart from compensatory and nominal damages. The Court has made some relevant observations discussion the aspect of punitive damages. The Court held :-

"The award of compensatory damages to a plaintiff is aimed at compensating him for the loss suffered by him whereas punitive damages are aimed at deterring a wrong doer and the like minded from indulging in such unlawful activities..."

"This Court has no hesitation in saying that the time has come when the Courts dealing actions for infringement of trademark, copy rights, patents etc. should not only grant compensatory damages but award punitive damages also with a view to discourage and dishearten law breakers who indulge in violations with impunity out of lust for money so that they realize that in case they are caught, they would be liable not only to reimburse the aggrieved party but would be liable to pay punitive damages also, which may spell financial disaster for them."

57. The claim of the plaintiff has gone unrebutted which includes loss of business, reputation and goodwill in the market. Since the above claimed amount is based on the assessments by the plaintiff, I am of the view that a sum of Rs.5 lac can be reasonably awarded to the plaintiff as compensatory damages and a sum of Rs.5 lac as punitive damages as well as damages on account of loss of reputation and damage to the goodwill.

58. In the result the suit of the plaintiff is decreed in terms of Para 44(a)(b) and (d) of the plaint with costs along with damages to the tune of Rs.10 lacs as against the relief of Para 44(c) of the plaint. The decree be drawn accordingly.

MANMOHAN SINGH, J APRIL 08, 2009 SD