

2022 LiveLaw (Del) 226

IN THE HIGH COURT OF DELHI AT NEW DELHI

CORAM: JUSTICE PRATHIBA M. SINGH

CS (COMM) 1305/2018 & I.A. 17625/2018; 14th March, 2022

ANHEUSER-BUSCH LLC versus MR. SURJEET LAL & ANR.

Trade Marks Act, 1999 - Sale of any product with the recycled bottles of another manufacturer would result in infringement and passing off. (Para 11)

Plaintiff Through: Mr. Pravin Anand, Mr. Shantanu Sahay, Ms. Imon Roy & Mr. Apoorv Bansal, Advocates (M-97984836810)

Defendants Through: Mr. Kapil Wadhwa & Ms. Deepika Pokharia, Advocates.

- 1.** This hearing has been done through hybrid mode.
- 2.** The present suit has been filed by the Plaintiff seeking permanent injunction restraining the Defendants from using any glass bottles with the embossed word 'Budweiser'. The prayers sought in the suit are as under:
 - "i. An order for permanent injunction restraining the Defendants, its Directors, wholesalers, distributors, partners, or proprietor as the case may be, its officers, servants and agents from using, manufacturing, selling, exporting, importing, offering for sale, distributing, advertising, directly or indirectly dealing in any bottle and/or packaging and/ or label or any material amounting to infringement of the Plaintiff's registered trademarks **"BUDWEISER"** under registration numbers 958378,958380,194586, 645366 and any other trade mark deceptively similar to the Plaintiff's registered trademarks amounting to infringement; and*
 - ii. An order for permanent injunction restraining the Defendants, its Directors, wholesalers, distributors, partners, or proprietor as the case may be, its officers, servants and agents from manufacturing, selling, exporting, importing, offering for sale, distributing, advertising, directly or indirectly dealing in any bottle and/or packaging and/ or label or any material other goods bearing mark **"BUDWEISER"** or any other trade mark deceptively similar to the Plaintiff's trade mark amounting to passing off of the Defendants' goods as that of the Plaintiff; and*
 - iii. An order for permanent injunction restraining the Defendants, its Directors, wholesalers, distributors, partners, or proprietor as the case may be, its officers, servants and agents from manufacturing, selling, exporting, importing, offering for sale, distributing, advertising, directly or indirectly dealing any bottle and/or packaging and/ or label or any material other goods bearing mark **"BUDWEISER"** or any other trade mark deceptively similar to the Plaintiffs trade mark amounting to unfair competition and dilution and tarnishment of the goodwill, and reputation of the Plaintiff; and*
 - iv. An order for damages of Rs 2,00,05,000/- be passed in favour of the Plaintiff and against the Defendants on account of the unauthorized use of the impugned marks and a decree for the said amount be passed in favour of the Plaintiff;*

v. An order for rendition of accounts of profits illegally earned by the Defendants on account of the selling or offering for sale its beer in the bottles embossed with the Plaintiffs trade mark "BUDWEISER" and a decree be passed for the amount found due in favour of the Plaintiff on such rendition of accounts; and

vi. An order of deliver up to the Plaintiff all the bottles embossed with the trade mark "BUDWEISER"; and

vii. An order for costs of the proceedings; and

Any further orders as this Hon'ble Court may deem fit and proper in the facts and circumstances of this case."

3. The present suit was listed on 20th December, 2018. The case of the Plaintiff - Anheuser-Busch LLC is that it is the owner of the mark 'BUDWEISER'. It was submitted by Id. Counsel for the Plaintiff that the Defendant is the manufacturer and seller of beer under the marks 'BLACK FORT' and 'POWER COOL'. The grievance of the Plaintiff is that the bottles of beer manufactured by the Plaintiff with the embossed word 'BUDWEISER' are being used by the Defendants by re-labelling them as 'BLACK FORT' and 'POWER COOL'. Images of such bottles, as also physical bottles, were also produced before this Court.

4. On the said date i.e., 20th December, 2018, Id. Counsel for the Defendants had submitted that the Defendant No.2 Company-M/s. SOM Distilleries and Breweries Ltd., is in the business of manufacture and sale of beer under the marks 'BLACK FORT' and 'POWER COOL'. The explanation proffered by the Defendants was that the bottles had come into the Defendant's system through *kabadiwalas*, and therefore, entered the manufacturing line of the Defendant No.2-Company. In view of the large volume of the bottles that are cleaned, filled and bottled, there may have been stray bottles of 'BUDWEISER' which may have been accidentally used by the Defendants. However, the Defendants were willing to give an undertaking to the effect that the bottles of 'BUDWEISER' shall not be used by it for manufacture and sale of their own beer.

5. After hearing Id. Counsels for the parties, this Court had passed the following order dated 20th December 2018:

"8. Having heard the parties, it is clear that bottles are available in the market even today, with the Defendant's product labels but embossed with the Plaintiffs mark 'Budweiser'. This shows that the Defendant needs to take further checks to ensure that beer bottles with mark 'BUDWEISER' are not relabelled and are marked with the Defendant's brand. Accordingly, till the next date, the Defendant is restrained from using any bottles with the mark 'BUDWEISER' appearing on it, for beer, or any other alcoholic drink of its manufacture or sale.

9. The Defendant shall place on record an affidavit as to the manner in which it intends to implement this injunction so that there is no violation in future. Learned counsel for the Defendant to take instructions that upon filing of the above affidavit, if the suit itself can be disposed of "

Thus, a restraint order was passed against the Defendants from using any bottles with the mark 'BUDWEISER' and an affidavit was also directed to be filed.

6. Pursuant to the above order, an affidavit dated 30th January, 2019 was filed by Mr. Ashok Bhandari, Deputy Manager of the Defendant No.2- Company, giving an undertaking in the following manner:

"2. That vide order dated 20.12.2018, this Hon'ble Court while granting an injunction in favour of the Plaintiff further directed the Defendant to place on record an affidavit stating the manner in which the Defendant will implement the above mentioned injunction. That in view of the said direction, the Defendant states that:

a. That in view of Order dated 20.12.2018, for the production from 21.12.2018, the Defendant has informed and directed the kabadiwalas not to supply/deliver any bottles with the BUDWEISER (sic) mark to the Defendant. That the Defendant has written a letter to the said effect to the kabadiwalas.

b. Two personals have been put in charge for weeding out bottles with the mark BUDWEISER, if any are found. That the said personals are to ensure that empty bottles with the mark BUDWEISER (sic) that inadvertently enters the feeder line are removed and separated.

c. The Defendant enquired with the manufacturers of the machines that are installed at the feeder line if a mechanism can be installed to weed out bottles with the mark BUDWEISER (sic). The manufacturers informed the Defendant that the said mechanism cannot be installed / executed.

d. The Defendant has also taken steps to add a disclaimer on its labels to communicate to the consumers that the Defendant's beer is sold in recycled bottles. The disclaimers are mentioned herein below:

"Black Fort beer uses environment friendly recycled bottles"

"Power Cool beer uses environment friendly recycled bottles."

7. Heard. The use of recycled 'BUDWEISER' beer bottles for the products being sold under the mark 'BLACK FORT' and 'POWER COOL' by the Defendant-Company would clearly constitute 'use in the course of trade'. The fact that the same are recycled bottles would not make a difference insofar as the question of infringement or passing off is concerned.

8. This Court has had the occasion, in a similar fact situation, in ***M/s. Allied Blenders and Distillers Pvt. Ltd. v. Rangar Breweries Ltd. [CS (COMM) 1213/2018 decided on 21st May, 2019]***, to grant a permanent injunction against the use of the Plaintiff's trademark 'Officer's Choice' by the Defendant. In the said case, the Plaintiff had raised a grievance that the Defendant's products are being sold with the Defendant's own label. However, some of the Defendant's bottles had embossings of the trademark 'Officer's Choice' on them. Thus, the Plaintiff claimed that the bottles could be recycled bottles of the Plaintiff, but the Defendant has no right to be using the same for the purpose of manufacture and sale of their own product. While decreeing the

Plaintiff's suit, this Court observed as under:

“10. In the present suit, the Defendant has agreed to suffer an injunction and has also undertaken not to use glass bottles bearing the mark ‘Officer’s Choice’ with the infringing design. The Plaintiff has produced the original infringing bottle bearing the embossed mark ‘Officer’s Choice’ as also the label of ‘Rangar da Santra’. The Court is satisfied that bottles bearing the mark ‘Officer’s Choice’ are being used in some manner for sale of ‘Rangar da Santra’. Under these circumstances, permanent injunction as prayed would be liable to be granted against the Defendant. The Defendant’s arguments that the bottles are counterfeit bottles of the Defendant, depends on the outcome of the complaint, which is pending investigation and unless and until some other party is found to be indulging in the counterfeiting, the Defendant cannot escape liability. Under these circumstances, suit is liable to be decreed in terms of Paragraph (i) and (ii) of the prayer clause.”

9. Similar is the view taken by the Id. Division Bench of the Bombay High Court in **Som Distelleries and Breweries Ltd. v. SABMiller India Ltd. [2013 (56) PTC 237 (Bom)]**, wherein the plaintiff had a registered trademark for a particular brand of beer, and the defendant, as in the present case, was using the bottles having the embossing of the plaintiff’s trademark. The relevant observations from the said judgment read as under:

“10. The case of the Appellant was that used bottles of beer are collected by the cabadis from the market and are sold back to the brewers for the purposes of recycling. In the process of recycling the previous labels are removed and the labels of the respective companies are affixed. The Appellant stated that though every possible care and precaution is taken to ensure that only the bottles bearing the labels and brand name of the Appellant are taken out in the recycling process, the possibility of a minuscule minority of the bottles of the Respondent or of any other company having similar shape and size of the bottle sneaking into the process of recycling on account of human error could not be ruled out.

XXX XXX XXX

12. The Appellant sought to set up a case of an honest use within the meaning and ambit of Section 30(1). Sub-section (1) of Section 30 provides that nothing in Section 29 shall be construed as preventing the use of a registered mark by any person for the purposes of identifying the goods or services as those of the proprietor, provided the use is in accordance with honest practices in industrial or commercial matters and is not such as to take unfair advantage of or be detrimental to the distinctive character or repute of the trade mark. The defence of the existence of an honest practice is clearly contrary to the case of the Appellant itself that though it was taking every possible precaution, it was conceivable that some bottles using the mark of the Respondent may have sneaked into the production process. That apart, a case of honest practice in industrial or commercial matters has to be pleaded and prima facie established. The Appellant has clearly failed to do so.

13. *There is no merit in the second submission as well. Section 29(1) provides that a registered trade mark would be infringed by a person who though not being a registered proprietor or a permitted user uses in the course of trade, a mark which is identical with, or deceptively similar to the trade mark in relation to goods and services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark. In order to attract Section 29(1) several ingredients must be established. Firstly, there must be in existence a registered trade mark. Secondly, there has to be a use by a person who is not a registered proprietor or a person using by way of a permitted use. Thirdly, the use must be in the course of trade. Fourthly, the use must be of a mark which is identical with or deceptively similar to the trade mark. Fifthly, the use must be in relation to goods and services in respect of which the trade mark is registered. Finally, the use must be in such a manner as to render the use of the mark likely to be taken as being used as a trade mark. All these ingredients which have been set out in sub-section (1) of Section 29 have been fulfilled. The respondent is the registered proprietor of the marks in question. The Appellant is not a registered proprietor or a person entitled to permissive use. The Appellant has used on the bottles of beer the very mark of the Respondent in respect of which the mark of the Respondent is registered. This use is in such a manner as would render the use of the mark likely to be taken as being used as a trade mark."*

10. Yet again, in a similar fact situation, while relying upon the above judgment in **Som Distilleries (supra)**, a Id. Single Judge of this Court in **Cobra Beer Partnership Ltd. & Anr. v. Superior Industries Ltd. [CS (OS) 1802/2014 decided on 8th April, 2015]** has held as under:

"28 A prima-facie case has been made by the plaintiff in his favour. He has been able to show that his registered marks "COBRA" and "KING COBRA" are being infringed by the defendant. Irreparable loss and injury would be suffered by the plaintiff in case the ad-interim injunction is not granted as the regular sale of beer by the defendant in the bottles having embossing of the plaintiffs" registered trademark would dilute the reputation of the plaintiff and the goodwill which he has built over the years and it would be tarnished. Balance of convenience is also in his favour."

11. Thus, the sale of any product with the recycled bottles of another manufacturer would result in infringement and passing off. Though the bottle itself may be a genuine bottle which may have been put by the Plaintiff originally in the market, after the contents are consumed and the bottle reaches the recycling cycle, the Defendant's use of such bottles which have the Plaintiff's trade mark embossed on them would cause confusion as to its source. However, in view of the fact that the Defendant has candidly made a statement and has given an undertaking before this Court as captured above, the assurances and undertakings given by the authorized signatory of the Defendant Company are taken on record and accepted. In future, the Defendants shall ensure that the recycled 'BUDWEISER' bottles are not used for the beer, manufactured and sold by them, under the marks 'BLACK FORT' and 'POWER

COOL', or under any other mark. A greater degree of supervision shall be exercised at the manufacturing plant of the Defendant Company, and random checks and inspections shall also be conducted by the Defendants to ensure that the bottles used in its manufacturing plant do not, in any manner, bear the mark 'BUDWEISER'.

12. With the acceptance of undertakings and the statements given by the Defendants, it is directed that the Defendants shall, henceforth, stand restrained from using, manufacturing or selling the mark 'BUDWEISER', even in recycled bottles, or in any manner whatsoever, in respect of beer manufactured and sold by the Defendants.

13. In view of the undertakings given by the Defendants, the Plaintiff agrees not to press the relief of damages, rendition of accounts of profits and delivery up. However, in future, if any 'BUDWEISER' bottles are found by the Plaintiff to be emanating from the Defendants' factory, the Plaintiff shall immediately give notice of the same to the Defendants who shall take remedial measures immediately, failing which, the Plaintiff would be entitled to avail of its remedies, in accordance with law, including the claim of damages, which was sought in the present suit as well.

14. Accordingly, the suit is decreed in terms of paragraph 47 (i) to (iii) of the plaint. Decree sheet be drawn. The contents of the affidavit set out above, shall form part and parcel of the decree.

15. All pending applications are also disposed of. No further orders are called for in this matter.

16. The digitally signed copy of this order, duly uploaded on the official website of the Delhi High Court, www.delhihighcourt.nic.in, shall be treated as the certified copy of the order for the purpose of ensuring compliance. No physical copy of orders shall be insisted by any authority/entity or litigant.