

\$~

\*

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

*Reserved on : 25<sup>th</sup> October, 2018*

*Date of decision : 1<sup>st</sup> February, 2019*

+

**CS (COMM) 351/2016 & I.A. 5235/2018**

WHATMAN INTERNATIONAL LIMITED ..... Plaintiff

Through: Mr. Pravin Anand, Ms. Geetanjali  
Visvanathan and Ms. Asavari Jain,  
Advocates. (M:9765097954)

versus

P MEHTA & ORS. .... Defendants

Through: Mr. R. Chandrachud and Mr. Chander  
Shekhar Patney, Advocates for D-1 to  
7. (M:9899374055)  
Mr. Rajesh Sharma and Mr. Ashok  
Kumar Gupta, Advocates for D-8.  
(M:9811685250) with Mr. Ketan  
Ramniklal Sanghvi in person.

**CORAM:**

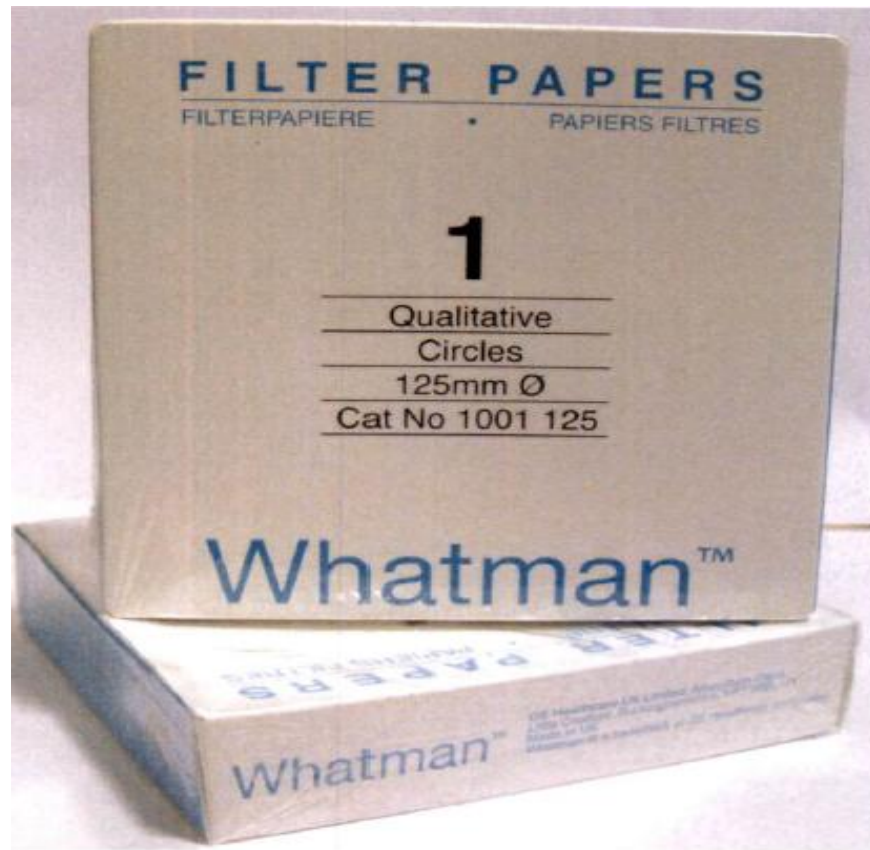
**JUSTICE PRATHIBA M. SINGH**

**JUDGMENT**

**Prathiba M. Singh, J.**

1. The Plaintiff – Whatman International Limited, a company incorporated under the laws of U.K. has filed the present suit for permanent injunction restraining infringement of trademark, copyright, trade-dress, passing off, unfair competition, dilution, etc.
2. The Plaintiff company, which was founded by James Whatman in 1740, is the owner of the mark WHATMAN. The Plaintiff was acquired in February, 2008 by GE Healthcare, a unit of General Electric Company. The Plaintiff is involved in the manufacture and sale of various products including filter paper. The mark WHATMAN is registered in India in

classes 1, 9 & 16. Though the name *Whatman* is a surname, it is claimed that the Plaintiff's mark, owing to user for more than 250 years, has acquired a secondary meaning in the trade. The Plaintiff uses a distinctive colour combination and script, get-up and layout for its Whatman filter paper, consisting of a white background with a blue script, which is set out herein below:



3. The present suit has been filed by the Plaintiff against various Defendants. The exact connection between the various Defendants would be discussed herein below.

4. The broad grievance of the Plaintiff is that the Defendants are manufacturing and selling Whatman filter paper and are also using an

identical colour combination for other filter papers sold by them under various trademarks including 'HIRAL', 'ACHME', 'LABSMAN', 'U-CHEM' and 'SUN'.

5. It is the stand of the Plaintiff that the Defendants are habitual infringers, and have a long history of manufacturing and selling counterfeit Whatman filter paper, beginning from 1992, and thereafter in 2005. The Defendants, despite giving undertakings, continued to sell the infringing goods, leading to the Plaintiff filing the present suit. In the present suit, an interim injunction was granted on 23<sup>rd</sup> May, 2014 and Local Commissioners were appointed to visit the premises of the Defendants in Mumbai, where seizures of infringing products were made. Despite seizures being effected and the interim injunction operating against them, the Defendants continued to sell infringing products. The Plaintiff thereafter filed an FIR No.08/2018 pursuant to which, again, seizures were conducted by the Mumbai police. The Plaintiff, thus, seeks a permanent injunction and damages.

6. The relationship between the various Defendants is described below.

7. Mr. Paresh Mehta – Defendant No.1 runs a firm by the name of Hiral International. Mr. Mohit Mehta – Defendant No.3 is the son of Mr. Paresh Mehta. Mr. Bharat Patel – Defendant No.2 is the brother in law of Mr. Paresh Mehta. Mr. Rajesh Patel – Defendant No.5 is the brother of Mr. Bharat Patel and is hence related to Mr. Paresh Mehta. Defendant No.4 – Mr. Jatin Parekh is also a relative of Mr. Paresh Mehta. M/s. Shri Maruti Chem Enterprise Pvt. Ltd. – Defendant No.7 is promoted by Mr. Paresh Mehta's wife Mrs. Jagruti P. Mehta and his son Mr. Mohit Mehta. The premises of M/s. Shri Maruti Chem Enterprise Pvt. Ltd. is owned by Mr. Paresh Mehta. Sanghvi Scientific Corporation – Defendant No.8 is the

proprietary concern of Mr. Ketan Ramniklal Sanghvi. It purchased filter papers from M/s. M. K. Corporation, which is a firm run by Mr. Rajesh Patel – Defendant No.5. Mr. Jatin Parekh – Defendant No.4 has two firms by the name Nimisha Trading Company and Vidhi Traders. Defendant No.6 – Wilson, trading as Delcia Printers, does printing jobs.

8. Thus, all the Defendants are related with each other except Defendant no.6 – the printer.

9. When the suit was filed, Local Commissioners were appointed and in the course of execution of commissions seizures were made by the Local Commissioners.

#### **Local Commissioners' Reports**

10. One Commissioner visited the premises of Hiral International in Mumbai and prepared a full inventory of the products which bore the colour scheme of blue and white. These products had four different trademarks namely HIRAL, WHATMAN, RELIGLAS and ACHME. The complete list of seized products has been filed with the report. The *superdarinama* has been signed by Mr. Bharat Patel – Defendant No.2 at the premises of Defendant No.1 - Mr. Paresh Mehta, who was also present when the commission was executed.

11. The second commission was executed at the premises of Defendant No.6. The said Local Commissioner also seized WHATMAN product packaging.

12. The third Local Commissioner visited the premises of Defendant No.2 at Borivali West. At this premises, Defendant No.5 – Mr. Rajesh Patel was present. A large amount of filter paper with the names WHATMAN and SCHLEICHER & SCHUELL was seized. This Local Commissioner records

that the investigator who accompanied the Plaintiff's representative, behaved rudely with the Court Commissioner. On spot proceedings were signed by the Defendant No.5 – Mr. Rajesh Patel.

13. The fourth Local Commissioner visited the second premises of the Defendant No.6. The same was a packaging unit. She met the owner of the unit, Mr. Brijesh Rai and thereafter, prepared an inventory of the WHATMAN packaging, which was found at the premises. The filter papers were of two variants i.e. WHATMAN-40 and WHATMAN-41 filter papers. The owner of the unit signed the *superdarinama*. The addresses where the various Local Commissions were executed are as under:

1.	<b>Ms. Isha Mittal, Local Commissioner</b>	2 <sup>nd</sup> Floor, Gaurav Place, Behind Bata Showroom, Shantilal Modi Road, Kandivali West, Mumbai-400067  This is the address of Mr. Paresh Mehta and Mr. Bharat Patel. In his affidavit, Mr. Bharat Patel confirms his address. In the on spot seizure, huge amounts of 'Hiral' and WHATMAN filter paper were found.
2.	<b>Ms. Meenakshi Singh, Local Commissioner</b>	1 <sup>st</sup> Floor, Adarsh Nagar Chawl, Near Chakala Cigarette Factory, Kajuwadi, Chakala, Andheri East, Mumbai-400099  This is the address of Delcia Printers
3.	<b>Mr. Aprit Bhargava, Local Commissioner</b>	Door number 4, L. Bhandari Road, Shimpoli Goathan, Behind Motor Garage, Borivali West, Mumbai-400092  This is the address of Mr. Rajesh Patel, Defendant No.5. At this premises, Mr.

		Rajesh Patel was present when the commission was executed.
4.	<b>Ms. Aditi Chawla, Local Commissioner</b>	Shop Number 2, D Gobs House, Chakala Village Road, Andheri East, Mumbai-400099  This is the address of Delcia Printers

### **Written statement of the Defendants**

14. A common written statement has been filed by Defendant Nos.1 to 5. The stand of the Defendants in their written statement is that the Plaintiff does not have any goodwill in India. It is also claimed that the letter 'W' cannot be monopolized by the Plaintiff. Insofar as the remaining averments in the plaint are concerned, most of the averments are simply denied. In response to paragraph 17 of the plaint, where a detailed description of the Defendants is given, the written statement barely denies every allegation in the plaint. In paragraph 18 of the written statement, it is denied that the Defendants are working in association with each other, however, it is admitted that "the Defendants are related to each other".

15. It is claimed that they run their independent businesses and are not connected with each other. In paragraph 20(b), it is "*strongly denied that the Defendant Nos.1 & 2 are engaged in manufacturing, marketing, distributing, exporting, and selling of Whatman filter papers.*"

16. In paragraph 20(c) it is admitted that the Defendant No.1 used the trademark HIRAL for filter paper, however, it is denied that the packaging is identical. In paragraph 20(d) it is admitted that Mr. Mohit Mehta – Defendant No.3 imports filter papers and sells the same under the trademark ACHME. It is claimed that Mr. Jatin Parekh does not do any business under

the name Vidhi Traders. It is admitted that Mr. Rajesh Patel – Defendant No.5 sells filter paper under the trademark SUN but it has denied that the packaging is identical to that of the Plaintiff. The allegations of infringement are denied. In response to paragraph 26 of the plaint, where the allegation has been raised that the Defendants are using the mark LABSMAN in an identical get up and packaging, the Defendants merely claim that the get up arrangement and trade-dress is not copied. It is further claimed that Mr. Rajesh Patel uses the trademarks SUN, LABSMAN and U-CHEM but Mr. Jatin Parikh does not use the said marks for filter paper. In response to paragraph 20 where the various websites of the Defendants and their details are given, there is no specific denial by the Defendants.

**Written statement of Defendant No.6**

17. Defendant No.6 has given bare denials in his written statement. The stand of Defendant No.6 is similar to the stand of Defendant Nos.1 to 5. It is claimed that the Defendant No.6 does not do any printing for Defendant Nos.1 to 5 and does not supply infringing packaging material to the Defendant Nos.1 to 5. There is no explanation given in the written statement as to how the WHATMAN packaging was recovered from his premises. In paragraph 26, the Defendant No.6 simply states that he does job work of printing. He states that the labels and the cartons under the mark WHATMAN were printed in response to an orally communicated order from some third party, who claimed to be duly authorised by the owner of the trademark WHATMAN. The said parties are named in paragraph 26 as Manish Desai, trading as Bijal Enterprises and Anand H. Sanghvi and Amar H. Sanghvi, trading as N. S. Scientific.

18. Apart from this, no other defence is raised by the said Defendant.

### **Written statement of Defendant No.7**

19. Defendant No.7 takes a similar stand as Defendant Nos.1 to 5. The stand of Defendant No.7 is that all the Defendants conducted their independent businesses. In paragraph 20 (c) of its written statement the Defendant No.7 states as under:

*“That the contents of the Para No- 20C of the amended plaint under reply are wrong and vehemently denied. The defendant No-7 has never sold any filter paper under the trade mark Whatman. The goods under the mark Whatman found on 7<sup>th</sup> March, 2018 from the premises of Sri Maruti Chem Enterprise Private Limited was old unsold stock worth Rs. 30,000, which was lying in the premises of defendant No-7, under the legal advice from the advocate not to sell any filter paper under the trade mark Whatman even of the old stock purchased in 2014 and was not sold in compliance to the injunction order passed by this Hon'ble Court dated 23<sup>rd</sup> May, 2014. The defendant No-7 had told the police that it was old unsold stock, which the defendant No-7 was not selling to the public and was only lying unsold / stored for the past four years at the premises of the defendant No-7, as an injunction order was passed by this Hon'ble court restraining the defendant No-7 from selling any product under the mark Whatman.”*

### **I.A. 5235/2018 – under Order 39 Rule 2A CPC**

20. The Plaintiff then moved an application under Order XXXIX Rule 2A CPC being I.A. No.5235/2018. The allegation in this application was that the Plaintiff received information that the Defendants were violating the interim injunction order granted by this Court on 23<sup>rd</sup> May, 2014. Accordingly, the Plaintiff lodged FIR No.08/2018 and two premises i.e. Sanghvi Scientific Corporation located at 113, Link Street Gulal Wadi,



Paidhuni (W), Mumbai and Shri Maruti Chem Enterprise Private Limited located at B-1, Om Shiv Kripa Building, Opposite Lakshmi Narayan Temple, Mathuradas Road, Kandivali West, Mumbai were raided by the police. The police effected a seizure at the following addresses: -

1.	Sanghvi Scientific Corporation 113, Link Street, Gulal Wadi, Paidhuni (W), Mumbai	40 units
2.	Shri Maruti Chem Enterprise Private Limited, B-1, Om Shiv Kripa Building, Opposite Lakshmi Narayan Temple, Mathuradas Road, Kandivali West, Mumbai	20 units  This is the address of Hiral International and Mr. Paresh Mehta.

21. From both these places, filter paper bearing the mark WHATMAN was recovered by the police. In the application, it is alleged that the Plaintiff learnt that Shri Maruti Chem Enterprise Pvt Ltd. i.e. Defendant No. 7 was being run by Mr. Mohit Mehta from the premises of Mr. Paresh Mehta, his father. It is further alleged in the application that the Defendants are habitual infringers as even in the past in the year 1993, two complaints were filed before the ACMM, Esplanade, Bombay being case no.655/S/1993 and 656/S/1993. In the said proceedings, undertakings were given by Mr. Paresh Mehta, Mr. Bharat Patel and Mr. Rajesh Patel that they would not *“manufacture, import, export, store, distribute, sell or offer for sale any products including filter paper with the mark WHATMAN or any other mark or work/get up or design containing the mark WHATMAN or any other mark or work deceptively or remotely similar to the trade mark, get up, design*

*and overall trade dress or the WHATMAN product packaging.*” In the said proceedings, Rs.15,000/- were paid by the said persons as damages.

22. Again, FIR No. II 33/2005 was lodged on 30<sup>th</sup> December, 2005 against Defendant No. 4 Mr. Jatin Parekh. Thereafter, FIR No. II 06 was lodged against Defendant No. 5 Mr. Rajesh Patel, wherein it was noted that a raid was conducted by the police and Whatman filter papers were seized. Despite these two criminal proceedings filed against the Defendants, they continued their infringing activities, because of which the present suit was filed. Despite the interim injunction order that was passed, the Defendants violated the injunction, as is evident from the seizures made by the police pursuant to lodging of FIR No.08/2018. Accordingly, the Plaintiff prays that strict action be taken against the Defendants. Along with the application, a copy of the FIR has also been attached. The list of confiscated goods along with the photographs thereof is also attached.

23. The Panchnama dated 7<sup>th</sup> March, 2018 records that the police party visited the premises of Defendant No.8, and 40 boxes of WHATMAN paper were seized. The value of the seized goods was Rs.90,100/-. Thereafter, the police party went to the premises of Shri Maruti Chem Enterprises Pvt. Ltd. Defendant No.3 – Mr. Mohit Mehta was present. On a search of the premises, 20 boxes of WHATMAN paper worth Rs.36,400/- were seized.

24. In Defendant No. 1’s reply to the application, it is stated that both the premises, which were raided by the police do not belong to Defendant No.1. An assertion is made that Defendant No.1 has no connection with Maruti Chem Enterprises or with Sanghvi Scientific Corporation. It is admitted that Mr. Mohit Mehta is the son of Defendant No.1. A similar reply is filed by Defendant No.2. On behalf of Mr. Mohit Mehta- Defendant No.3, it is

stated that stock, which was found by the police, was old unsold stock, which had been lying there for the last four years. It is stated that Maruti Chem Enterprises had taken the premises on rent from Defendant No.1 – Mr. Paresh Mehta. It is claimed that Mr. Mohit Mehta was not selling any WHATMAN paper. Defendant No.5 states that he may have sold filter paper under the tradename SUN to the Defendant No.8 and Sanghvi Scientific Corporation. It is also claimed that there has been no violation of the injunction order. The Reply on behalf of the Defendant No.4 also claims that he has not violated any order of the Court. Thus, all the Defendants denied the allegations in the application under Order XXXIX Rule 2A CPC.

25. In rejoinder, the Plaintiff states that the stand of Mr. Paresh Mehta is completely false. It is averred that while Defendant No.1 denies any connection with Maruti Chem Enterprises, Defendant No.3 admits that the premises of Maruti Chem Enterprises was taken on rent from Defendant No.1. Further, it is also stated that Mr. Paresh Mehta's wife, Mrs. Jagruti Paresh Mehta is one of the directors of Maruti Chem Enterprises. Thus, the stand of Mr. Paresh Mehta that he has never sold filter paper under the tradename WHATMAN and that he has no connection with Maruti Chem Enterprises is claimed to be false. Similarly, the denials by the Defendant No. 2- Mr. Bharat Patel are also pleaded to be wrong in view of the fact that Mr. Bharat Patel was present when the Local Commissioner had executed the commission. The initial FIR in 1992 was also filed against him. On testing of filter paper seized on 7<sup>th</sup> March, 2018 pursuant to the FIR no.08/2018, it was shown that the same were counterfeit. It is thus claimed that all the Defendants are acting in concert with each other. In rejoinder to the reply by Mr. Mohit Mehta – Defendant No.3, the Plaintiff states that Mr.

Mohit Mehta is fully responsible for selling counterfeit products. In the raid conducted on 7<sup>th</sup> March, 2018, Mr. Mohit Mehta had refused permission to the police to search the premises and it was only on persuasion that he allowed the search of the premises to take place. The goods were actually seized from his premises and were found to be counterfeit. A similar rejoinder has been filed in respect of Defendant Nos.4 & 5's replies as well. The general allegation of the Plaintiff is that all the Defendants are acting in concert with each other and have repeatedly committed contempt of the order of this Court.

26. Considering the allegations in the contempt, on 10<sup>th</sup> August, 2018, Mr. Paresh Mehta, Mr. Bharat Patel and Mr. Mohit Mehta were directed to appear before court for recording of their statements. On the said date, the interim order dated 23<sup>rd</sup> May, 2014 was extended qua all the Defendants including Defendant Nos.7 & 8, who were impleaded. On 4<sup>th</sup> October, 2018, statements of Mr. Mohit Mehta, Mr. Paresh Mehta and Mr. Bharat Patel were recorded. Their statements are extracted hereinbelow:

**“Statement of Mr. Paresh Mehta S/o Shri Harilal Mehta. aged 59 years R/o Flat No.302. Sangeeta Apartment. Link Road Opposite Balbharthi College, Kandivali (West). Mumbai-400067**

*“I am in construction business by the name DECCAN Reality. I used to run the scientific/filter paper business by the name of Hiral International from premises bearing No. 2<sup>nd</sup> Floor, Gaurav Place, Behind Bata Showroom, Shatilal Modi Road, Kandivali West, Mumbai-400067. I do not remember if there was any FIR in 1993 in respect of Whatman filter paper against me. Mr. Mohit Mehta is my son. He runs a business in the name of Shri Maruti Chem Enterprise Pvt. Ltd. He does the business of chemicals. He does not sell filter*

*paper. In 2014, when the Commissioner visited the premises at Hiral International, 2<sup>nd</sup> Floor, Gaurav Place, Behind Bata Showroom, Shatilal Modi Road, Kandivali West, Mumbai, the products, which were found, were of HIRAL and Achme. The Whatman products, which were found by the Commissioner, were original products. We purchase Whatman products, which were stored by us, from M/s. N. S. Scientific. Mr. Harish Sanghavi runs M/s. N. S. Scientific. We purchased the goods worth Rs.4 to Rs.5 Lakhs per year from them. We used blue and white packaging for HIRAL brand for the filter paper. However, we stopped the same after some time. I do not know to whom Religlas products belong to. The inventory, which the Commissioner had sealed, is still lying with me.”*

**Statement of Mr. Mohit Mehta S/o Shri Paresh Mehta, aged 29 years R/o Flat No.302. Sangeeta Apartment, Link Road Opposite Balbharthi College. Kandivali (West). Mumbai-400067**

*“I studied till higher secondary school. I live with my father. Mr. Bharat Patel is my maternal uncle (mama). I do not know Mr. Jatin Parekh, Mr. Rajesh Patel, M. K. Corporation and Delcia Printers. I started Shri Maruti Chem Enterprise Private Limited - Defendant No.7 two and half year ago. I am not in filter paper business but am in chemical business. I used to run business in the name Achme Scientific before. Achme Scientific used to sell Achme filter paper in the same colour combination as Whatman for filter paper. FIR was registered on March, 2018. Old stock was lying there, therefore, I was arrested. I used to purchase the products from BIJAL Corporation run by Mr. Manish Desai and M/s. N. S. Scientific run by two brothers Mr. Anand and Mr. Aman. Initially, I used to purchase some products from these persons, however, thereafter I started my own brand. Whatman products were supplied by the above parties to me. After 2014 I have*

*not sold any Whatman filter paper.”*

**Statement of Mr. Bharat Patel S/o Shri Bhupat Patel, aged 55 years R/o D- 301, Meera Apartment, Shankar Lane, Kandivali (West), Mumbai-400067**

*I am in the business of spices for the last 3 to 4 years, I only do trading. Mr. Mohit Mehta is my nephew (my sister's son). The Defendant No.7 Company belongs to Mr. Mohit Mehta. I do not do any business of filter paper. I have never done filter paper business and I have never helped my nephew in filter paper business. I have not done any business or worked with Achme Scientific. Mr. Rajesh Patel is my brother. His business is in the name M. K. Corporation. He may be working in filter paper. He has his premises in Borivali. I do not know the brand used by my brother. I do not know Mr. Jatin Parekh, Mr. Wilson or Delcia Printers and Mr. Ketan Ramniklal Sanghvi. I identify my signatures in the reply to the application under Order XXXIX Rule 2A CPC, which is at page 237 of part II file. I also identify my signatures in the on spot proceedings filed by the Local Commissioner Ms. Isha Mittal, which is at page 78 of the part I file titled superdari nama.”*

27. Thereafter, on 25<sup>th</sup> October, 2018, the statement of Mr. Ketan Ramniklal Sanghvi - Defendant No.8 was also recorded, which is extracted herein below:

**“Statement of Mr. Ketan Ramniklal Sanghvi S/o Mr. Ramniklal Motilal Sanghvi, aged about 52 years R/o 901, Opel Neelkanth Regent, RN Narkar Marg, MIG Pant Nagar, Ghatkopar East, Mumbai-75 and office address at 113, Kika Street, Gulalwadi, Mumbai – 400004**

*I am in the business of seamless pipes and ERW pipes under the name and style M/s Motilal Laxmichand*

*Sanghvi. The address of this firm is 113, Kika Street, Gulal Wadi, Paidhuni (West), Mumbai. I am carrying on my business here since 1989. Pursuant to the FIR, the police had conducted a search at my premises. I do not remember the quantity of paper found at my premises. I do not know as to how Whatman paper was located at my premises. I was not aware that Whatman paper was present at my premises. I was not doing any business of Whatman Paper. I do not know either MK Corporation or MK International. I do not know Mr. Rajesh Patel. I have never purchased filter papers from MK Corporation. (He has been shown the copy of the invoice issues by MK Corporation. However, he denies that he made any of the above purchases.) My telephone number in Mumbai is 23462393. Sanghvi Scientific Corporation is being run by my father, Mr. Ramniklal Motilal Sanghvi. My father used to deal with scientific instruments and medical instruments but I have not seen the same. 23468386 is the number of my office. I have never sold Whatman Paper.”*

28. On the said date, learned counsels for the parties submitted that no oral evidence would be required in the matter. Learned counsel for the Defendants further submitted that the Defendants are willing to suffer a permanent injunction. Insofar as costs and damages are concerned, the Court has heard the submissions of all the parties. Written submissions were also filed.

### **Submissions of Parties**

29. Learned counsel for the Plaintiff has repeatedly emphasized on the fact that all the Defendants are related to each other. They are members of the same family and since 1992, they have been deliberately and intentionally violating the Plaintiff's rights in the trademark WHATMAN. The Defendants have not only manufactured and sold counterfeit

WHATMAN filter papers but have also adopted an identical colour combination, get up and layout in respect of filter paper sold by them under the different trademarks namely HIRAL, SUN, LABSMAN, U-CHEM and ACHME. It is further submitted that despite the repeated criminal complaints that were filed, and undertakings given by the Defendants in the said complaint cases, they have with impunity, continued to use the trademark WHATMAN. Reliance is placed on reports of the Local Commissioners, who were appointed by this Court as also the panchnama recorded by the police in FIR No.08/2018.

30. It is submitted that the Defendants, being deliberate infringers of the Plaintiff's mark, have made several false statements before the Court in the pleadings and their oral statements. They have repeatedly given undertakings but have chosen not to adhere to the same. It is submitted that in these circumstances, the Plaintiff is entitled to not only damages but in fact, punitive damages are liable be imposed on the Defendants. It is further prayed that strict action needs to be taken against the Defendants for deliberately making false statements before this Court. Learned counsel for the Plaintiff has submitted a computation of damages according to which the value of the seized goods has been calculated as Rs.4,48,53,280/-. Costs of Rs.14,55,964/- are also claimed. It is further prayed that punitive damages be imposed, apart from the punishment to the Defendants for lying on oath.

31. On behalf of the Defendants, learned counsel submits that his clients have not violated the injunction order. In fact, only old stock, which was lying in the premises, was seized by the police. In the written submissions on behalf of the Defendant Nos.1 to 5 & 7, it is categorically submitted as under:



*“It is submitted on behalf of the defendants nos. 1 to 5 & 7 that in so far as the suit is concerned they are willing to settle the suit and do not intend to contest the same. Accordingly the defendants submit that a decree in terms of Para 36 (i) to (v) may be passed.”*

32. The Defendants also state in their written submissions that they are willing to pay a token amount of compensation. It is also stated in the written submissions that the Defendants used to purchase the products at a discount of 30% - 40% and sell the same with profit margin of 10%. Thus, the Defendants challenge the computation made by the Plaintiff. In the submissions, it is again claimed by the Defendant No.3 Mr. Mohit Mehta that the stock, which was seized, was old stock.

#### **Analysis and findings**

33. A perusal of the pleadings on record and the submissions made, shows that the Defendants do not seriously challenge the proprietary rights of the Plaintiff in the trademark WHATMAN. They also do not challenge that the Plaintiff sells filter paper under the WHATMAN mark in a specific white and blue combination. The categorical submission recorded of the Ld. counsel for the Defendants is that the Defendants are willing to suffer a permanent injunction. The same was recorded on 4<sup>th</sup> October, 2018 in the following terms:

“ ...

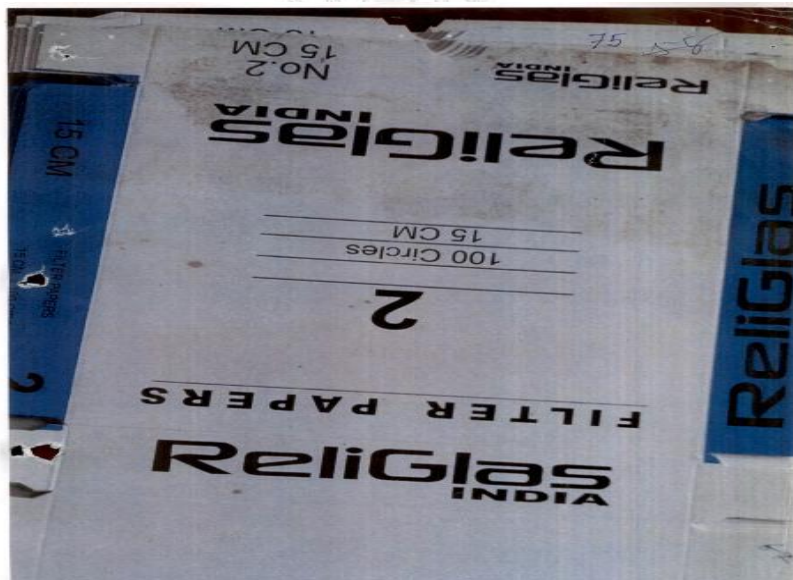
*Learned counsels for the Defendants submit that the Defendants are completely willing to suffer a permanent injunction and not to use the name Whatman or even the colour combination, get-up, layout and colour scheme of Whatman filter paper.”*

Thus, as far as the relief of permanent injunction is concerned, there is no opposition, though in the written statements, the Defendants had challenged the rights of the Plaintiff in the mark as also in the getup and colour combination.

34. The only question that remains is in respect of delivery up, rendition of accounts and profits/damages and the application under Order XXXIX Rule 2A.

35. The documents placed on record clearly show that the Defendants have a history of repeatedly using the WHATMAN trademark as also an identical getup, colour combination and layout for filter paper sold by them under different marks including 'HIRAL', 'ACHME', 'LABSMAN', 'U-CHEM' and 'SUN'. The offending product packagings are set out below:





36. The above packagings for filter paper, admittedly used by the Defendants, are a substantial reproduction of the Plaintiff's WHATMAN Filter paper product packaging, in colour combination, size, get-up, layout,

arrangements etc., Moreover, in the website of ACHME Scientific, [achmescientific.com](http://achmescientific.com), a representation to the following effect is made:

*“ACHME FILTERS*

*Our motto is to give best services to customer as we are satisfied when our customer is satisfied by our company &our services.*

*We launched our own brand in filter paper imported from Germany equivalent to Whatman brand in best rate.”*

Thus, the denial of the knowledge of WHATMAN brand and the rights of the Plaintiff in the same is nothing but a baseless and bare denial. The intention was clearly to pass off the defendants’ products as those of the Plaintiff’s or as being comparable to the Plaintiff’s product. However, while comparing itself, it is completely impermissible to pass off the Defendants’ products by using a look-alike packaging. The grant of the ad-interim *ex-parte* injunction dated 23<sup>rd</sup> May, 2014 was well within the knowledge of all the Defendants 1-6. Even one of the newly impleaded Defendants had knowledge of the injunction as Defendant no.7 - Maruti Chem is a company being run by Defendant no.3 – Mohit Mehta. The reports of the Local Commissioners, which are on record clearly establish that at the time when the commissions were executed, the Defendants were selling filter paper under the trademark WHATMAN and other trademarks. The seizure by the Local Commissioners was of various filter papers, cartons, packaged products, etc. bearing the marks ‘WHATMAN’, ‘HIRAL’, ‘ACHME’, ‘RELIGLAS, ‘GE HEALTHCARE,’ and ‘SCHLEICHER & SCHUELL’. All of these products were either counterfeit WHATMAN products or products which were a substantial imitation and a colourable reproduction of

the Plaintiff's WHATMAN filter paper packaging. The reports of the Local Commissioners also show that the inventorized products from various premises were substantial in number. The total retail price of the seized products, as per the calculations given by the Plaintiff is Rs.4,48,58,280/-.

37. Learned counsel for the Defendants has submitted that the purchase price for the Defendants is 30 % to 40 % lower than the retail price, on which the Defendants charged a commission of 10%. Even going by the said figures, the profit margin of seized product itself comes to approximately to Rs.44.8 lakhs.

38. Apart from this, the conduct of the Defendants has been completely dishonest. They have made false statements in their pleadings as also in the statements recorded in the Court. The Defendants in the present case have all acted together over the years. Mr. Paresh Mehta in his statement made before the Court on 4<sup>th</sup> October, 2018, brazenly and blatantly claimed that he did not remember if there is any FIR in 1993. He said, "*I do not remember if there was any FIR in 1993 in respect of Whatman filter paper against me.*" This is clearly a false statement as the documents on record show that there is not just a FIR but also an undertaking given by him and Rs.15,000/- was paid by him as damages in the said matter. The undertaking given by Mr. Paresh Mehta dated 3<sup>rd</sup> October, 2003 is very clear and reads as under:

*"3. We undertake and agree that we shall not either by ourselves, or through agents, servants, firms in which we are a partner or proprietor in or any other sister concerns firms or companies, directly or indirectly, manufacture and/or market or cause to be manufactured/marketed in India or elsewhere or import, export, distribute, store, sell or offer for sale or cause to be imported or exported or distributed sold*

*or offered for sale any product(s) including filter paper with the trade mark WHATMAN or any other mark or work/getup or design containing the mark WHATMAN or any other mark or mark deceptively or remotely similar to the trade mark, getup, design and over all trade dress or the WHATMAN product packaging.*

*4. We undertake and agree that we shall not by ourselves or through agents, servants, firms, in which we are a partner or proprietor in or any other sister concerns, firms or companies, directly or indirectly, apply and/or cause to be applied on filter papers/wrappers/material/packaging materials/cartons etc. in India or elsewhere the mark WHATMAN or any other mark or work containing the mark WHATMAN or any other mark or work deceptively or remotely similar to the same.*

*Sd/-*

*Mr. Paresh Mehta*

*Mrs. Jagruti P Mehta”*

39. It was in view of this undertaking that the said criminal complaint came to be closed and the Plaintiff submitted a letter dated 3<sup>rd</sup> October, 2003 not to prosecute the accused which included Mr. Paresh Mehta – Defendant No.1, Mr. Bharat Patel – Defendant No.2, Mrs. Jagruti P. Mehta – wife of Mr. Paresh Mehta, Mr. Rajesh Patel – Defendant No.5. The said letter reads as under:

*“03 Oct 2003*

***In The Additional Chief Metropolitan Magistrate 37<sup>th</sup> Court, Esplanade-Mumbai Case No 655/S/93 M/S Whatman Paper Ltd V/S Jagruti Scientific, Bharat Bhupatrai Patel & Manisha Rajesh Patel.***

*I, Mr. Pradeep Nair, Authorised person for Whatman Asia Pacific Private Ltd – India hereby declare that in view of the Undertaking dated 03 October 2003 & payment of Rs 15000.00 as & by way of damages by*

*you, we shall not prosecute the above mentioned case against you.*

*Yours faithfully,*

*Pradeep Nair  
Area Manager-India”*

40. Mr. Paresh Mehta has also made false averments in his pleadings. The statements made by him in paragraph 17 of the written statement and in paragraph 10 of his reply to I.A. 5235/2018 respectively are as under:

*17...The defendant No -1 has no connection with M/s Maruti Chem Enterprises P Ltd.*

*...*

*10...The defendant No -1 has no connection with firm M/s Shri Maruti Chem Enterprises except that the defendant No -3 Mohit Mehta is son of defendant No -1, the defendant No 1 do not have any control of the business of firm M/s Shri Maruti Chem Enterprises.”*

41. Mr. Paresh Mehta – Defendant No.1 is clearly connected with M/s Maruti Chem Enterprise Pvt. Ltd., as the said company is promoted by his son – Mr. Mohit Mehta and his wife – Mrs. Jagruti P. Mehta. This is clear from the print out of the company master data filed along with the application under Order XXXIX Rule 2A at page 48. Thus, his statement that he has no connection with Maruti Chem Enterprises Pvt. Ltd. is clearly incorrect and false. Mr. Paresh Mehta also made a false statement before the Court on 4<sup>th</sup> October, 2018. He said, “*He does not sell filter paper.*”. In fact, Mr. Mohit Mehta himself admits that he used to sell filter paper. This is clear from a reading of his written statement as also the oral statement made before this Court. The same are extracted below:

Extract from the statement before court recorded on 4<sup>th</sup> October, 2018

*“I used to run business in the name Achme Scientific*

*before. Achme Scientific used to sell Achme filter paper in the same colour combination as Whatman for filter paper.”*

Extract from paragraph 20 (d) of the Written Statement

*“20...d...Defendant No-3 is importing filter papers from Germany and selling its goods under the Trade mark ACHME. The defendant No-3's application for registration of trade mark is also pending for registration in Class-16 under the trade mark ACHME vide application No- 2343972 and 2391853.”*

42. Mr. Paresh Mehta also cleverly concealed the fact that his wife Mrs. Jagruti P. Mehta is a Director in M/s Maruti Chem Enterprises Private Ltd. – Defendant No.7. The statements of Mr. Paresh Mehta in the pleadings as also in the reply to the contempt application are false. The stand of Mr. Paresh Mehta that all the Defendants are doing independent businesses is also clearly contrary to the record, as at the time of execution of the commission at the premises of Mr. Paresh Mehta, Mr. Bharat Patel – Defendant No.2 was present along with him. He is the brother-in-law of Mr. Paresh Mehta and the maternal uncle of Mr. Mohit Mehta – Defendant No.3. He also signed the *superdarinama*. He is clearly connected with the business of his brother-in-law. When the commission was executed at the premises of Mr. Bharat Patel - Defendant No.2, Mr. Rajesh Patel-Defendant No. 5 was present in the said premises.

43. Mr. Mohit Mehta has also admitted that Mr. Bharat Patel is his maternal uncle. Thus, Defendant Nos. 1-5 and 7 are connected with each other.

44. Mr. Bharat Patel in his statement before the Court on 4<sup>th</sup> October, 2018, has stated that he has never done filter paper business and that he



never helped his nephew in the said business. However, in his written statement, in paragraph 28, he admits:

*“28...The Defendant No. 1 to 3 are selling filter paper under the trade mark HIRAL but the packing and trade dress is not a reproduction of the plaintiff packing”*

In the reply to I.A. 5235/2018, he states: -

*“2...The Defendant No. 2 has never manufactured or sold filter paper under the trade mark WHATMAN.”*

45. A perusal of the report of the Local Commissioner, Ms. Isha Mittal, reveals that he was present in the premises of Hiral International, 2<sup>nd</sup> Floor, Gaurav Place, Behind Bata Showroom, Shantilal Modi Road, Kandivali West, Mumbai-400067 when a large seizure of counterfeit products as also lookalike filter paper was made. He has signed the on spot proceedings as well. Further, he was also an accused in the complaints before the Court of Additional Chief Metropolitan Magistrate, 37<sup>th</sup> Court, Esplanade, Bombay being registered as Case Nos. 655/S/93 and 656/S/93 which were lodged against the Defendant No.1 and him wherein he had given an undertaking. The statement of Mr. Bharat Patel before Court on 4<sup>th</sup> October, 2018 was, therefore, clearly false to his own knowledge.

46. Mr. Mohit Mehta also made a false statement before Court that he does not know either Mr. Jatin Parekh or MK Corporation or Delcia Printers. He also claimed that when the FIR was registered in March, 2018, old stock was lying at his premises. He further claims that after 2014, he has not sold any WHATMAN filter papers.

47. This statement of Mohit Mehta is false inasmuch as Mr. Rajesh Patel is well known to Mr. Mohit Mehta. Mr. Rajesh Patel is admittedly the

brother of Mr. Bharat Patel who is the real uncle (*mama*) of Mr. Mohit Mehta. Mr. Jatin Parekh is also related to both the Patel brothers. The submission that the seizure was of old stock also is false inasmuch as the search conducted by the police in 2018 was not at the premises where the local commissions were executed earlier. The local commissions earlier in 2014 were executed in Mr. Paresh Mehta and Mr. Bharat Patel's premises. The old stock of Whatman was not seized at the premises where the police undertook a search i.e. in the premises of M/s. Maruti Chem Enterprise Pvt. Ltd. The claim that the stock was old stock made by Mr. Mohit Mehta appears to be clearly false.

48. Defendant No.3 – Mohit Mehta stated in his reply to I.A. 5235/2018, in paragraph 8, as under:

*“8...Sri Maruti Chem Enterprise P ltd has taken on rent the premises from defendant No-1, but the defendant No-1 has no business interest in running the day to day affairs Sri Maruti Chem Enterprise Private Ltd, defendant no-1 is not a director or share holder in Sri Maruti Chem Enterprise Private Ltd.”*

Thus, the premises belonged to Mr. Paresh Mehta – Defendant No.1 who falsely made a statement in his reply that he is not connected to the premises of Mr. Mohit Mehta

49. Mr. Jatin Parekh, Defendant No.4, has also made completely misleading, incorrect and false statements. He is the main person running the business under the name Vidhi Traders. However, in his written statement he, unabashedly denied the same. The extracts from his written statement are set out herein below: -

*“17...It is denied that Defendant No. 4 is carrying on business through an entity namely “Vidhi Traders as alleged and/or at the address as given in the para under reply.*

*...  
20..e. That the contents of the para under reply are denied. The defendant No. 4 does not operate any business under the name and style of Vidhi Traders.”*

50. A perusal of the print out from the website of Vidhi Traders [www.vidhitraders.in](http://www.vidhitraders.in) at page 63 clearly shows that the website itself claims that Mr. Jatin Parekh is the mentor of the organization. The website of Vidhi Traders states as under: -

*“Our mentors Mr. Jatin Parekh and Mr. Rakesh Gandhi support us as the major strength of our organization, who have enabled us to serve the clients in the best possible manner. They hold thorough knowledge of the domain, which proves to be helpful in our operations.”*

51. Defendant No. 4 denies selling filter paper under the mark marks SUN, LABSMAN and U-CHEM. In his written statement, he has stated as under:

*“28...Defendant No-4 is not selling any filter paper under the mark SUN, LABSMAN and U-CHEM...”*

The website of Vidhi Traders also promotes the filter paper brands LABSMAN and U-CHEM, which is evident from page 64 of the documents. Thus, Mr. Jatin Parekh has also made incorrect and false statement on affidavit and his denial of sale of filter paper under the brands SUN, LABSMAN and U-CHEM is proved to be false from a perusal of the website of Vidhi Traders itself.

52. Defendant No.5, Mr. Rajesh Patel trading as MK Corporation stated in reply to I.A. 5235/2018 as under: -

*“2...The defendant No. 5 has never manufactured or sold filter paper under the trademark WHATMAN.”*

53. This is completely false inasmuch as in case 665/S/93 and 653/S/93, he had also given an undertaking along with other accused persons not to sell Whatman filter papers.

54. Mr. Ketan Ramniklal Sanghvi is the son of the proprietor of M/s Sanghvi Scientific Corporation. When the police had conducted a search on 7<sup>th</sup> March, 2018, they had found WHATMAN paper at his premises. He simply stated in respect of the said products that he was not aware as to how the ‘Whatman’ paper was present at his premises. The relevant portion of his statement, which was recorded on 25<sup>th</sup> October, 2018 is extracted below:

*“Pursuant to the FIR, the police had conducted a search at my premises. I do not remember the quantity of paper found at my premises. I do not know as to how Whatman paper was located at my premises. I was not aware that Whatman paper was present at my premises. I was not doing any business of Whatman Paper.”*

55. Mr. Rajesh Patel admits to have sold filter paper to M/s Sanghvi Scientific Corporation belonging to Mr. Ketan Ramniklal Sanghvi. The relevant extract of his reply to I.A. 5235/2018 is extracted herein below:

*“9...The defendant No – 5 may have sold filter paper to M/s Sanghvi Scientific Corporation or Mr. Ketan Ramniklal Sanghvi under its trade mark SUN under the normal business transaction to the general purchasing public.”*

However, this fact is denied by Mr. Ketan Ramniklal Sanghvi in his statement wherein he states as under:

“ ...

*Pursuant to the FIR, the police had conducted a search at my premises. I was present at the time when the police visit took place. Whatman Paper was found at my premises. I do not remember the quantity of paper found at my premises. I do not as to how Whatman Paper was located at my premises.*

*I was not aware that Whatman Paper was present at my premises. I was not doing any business of Whatman Paper. I do not know either MK Corporation or MK International. I do not know Mr. Rajesh Patel. I have never conducted any business with MK Corporation or Mr. Rajesh Patel. I have never purchased filter papers from MK Corporation. (He has been shown the copy of the invoice issues by MK Corporation. However, he denies that he had made any of the above purchases.) My telephone number in Mumbai is 23462393. Sanghvi Scientific Corporation is being run by my father, Mr. Ramniklal Motilal Sanghvi. My father used to deal with scientific instruments and medical instruments but I have not seen the same. 23468386 is the number of my office. I have never sold Whatman Paper.”*

56. The statement of Mr. Sanghvi is belied by the statement of Mr. Rajesh Patel. Moreover the copy of the invoice filed on record by Ld. Counsel for the Plaintiff, dated 6<sup>th</sup> July, 2018 clearly shows that Defendant no.8 was purchasing filter paper from Mr. Rajesh Patel.

57. The irrefutable conclusion from the above discussion, is that the Defendants have acted in concert with each other. With the exception of

Defendant No. 6, the printer, they are closely connected to each other. Their pleadings and oral statements are contrary to the records. The Local Commissioners' reports are liable to be read in evidence in the suit as per the provisions of Order XXVI Rule 13.

58. The Defendants are clearly not coming clean with the Court. They are not only making false statements in their pleadings, but are also misleading the Court by trying to create a farcical cloak of independent businesses. The illegality of selling WHATMAN counterfeit paper and lookalike filter paper has continued since the time when the first FIR was registered in 1993.

59. The first FIR was registered in 1993 against Mr. Paresh Mehta, Mr. Rajesh Patel, Mr. Bharat Patel and Mrs. Jagruti P. Mehta, subsequent to which all of them gave undertakings in 2003. Thereafter, two FIRs were lodged in 2005 and 2006 against Defendant Nos. 4 and 5. In 2014, when the present suit was filed and Local Commissions were executed, from almost all the premises, counterfeit WHATMAN filter paper was found and seized. In 2018, when a FIR was registered, again filter paper under the brand name WHATMAN was found along with lookalike filter paper under various trademarks.

60. Mr. Paresh Mehta and his family have clearly incorporated a new entity only to circumvent the undertaking given before the criminal court. The new company M/s Maruti Chem Enterprise Pvt. Ltd. is run by Mr. Paresh Mehta's son and wife. This fact is not disputed. The Defendants are continuing to indulge in illegal conduct of infringement, and passing off since the year 1992 with scant regard to their own undertakings and to the orders passed by the Court. Even the repeated criminal complaints filed against them and the seizures made pursuant to the said complaints do not

appear to have had a deterrent effect. The allegations made in the application under Order XXXIX Rule 2A are clearly made out as the said order restrained the Defendants from “*manufacturing, selling, importing, offering for sale, distributing, advertising the trade mark "WHATMAN" as also proprietary packaging "Schleicher & Schuell" and GE Healthcare or any other deceptively similar mark as that of plaintiff.*” The disobedience or breach of an injunction has to have consequences in law. If strict action is not taken, orders of Courts would not be complied with by litigants, as is evident in the present case. Such disobedience not only constitutes violation of the provisions of Order XXXIX Rule 2A but also constitutes contempt under the Contempt of Courts Act, 1971. The conduct of the Defendants in the present case is in the face of the Court and thus Section 14 of the Act is clearly attracted.

61. Recently in *Louis Vuitton Malletier v. Mr. Omi & Anr., CCP(O) 10/2018 in CS (COMM) 291/2018, Decided on 7<sup>th</sup> August, 2018*, a Learned Single Judge of this Court has taken a strict view of such contemptuous conduct and observed as under:

“35. *However, as the respondent no.2/ defendant no.2 has admittedly made false statements under oath, this Court is of the view that it strikes a blow at the rule of law and no Court can ignore such conduct which has the tendency to shake public confidence in the judicial institutions because the very structure of an ordered life is put at stake. It would be a great public disaster if the fountain of justice is allowed to be poisoned by anyone giving false statements and/or fabricating false evidence in a court of law. The stream of justice has to be kept clear and pure and anyone soiling its purity must be dealt with sternly so that the message percolates loud and clear that no one can be*

*permitted to undermine the dignity of the Court and interfere with the due course of judicial proceedings or the administration of justice. [See: **Dhananjay Sharma** (supra)]*

36. *Consequently, this Court is of the view that the ends of justice would be met if the respondent no.2/defendant no.2 is committed to one month's simple imprisonment along with a fine of Rs.2,000/-"*

62. A perusal of the above pleadings and facts shows that the Defendants do not have slightest hesitation in making false statements before the Court. Their conduct has been completely dishonest. They are thus liable to be punished for contempt and for disobedience of the orders of this Court.

63. The quantities seized by the Local Commissioner are as under: -

1.	Whatman packed products and packaging material	8182 units of different sizes
2.	Hiral packed products and packaging material	2646 units of different sizes
3.	ACHME packed products and packaging material	1293 units of different sizes
4.	ReliGlas packaging material	79 units

64. The products seized at the premises of Defendant No.6 – the Printer, are not being taken into account. Even if an average profit of Rs.500/- per unit is taken, the profit ranges to more than Rs.40 lakhs,. This quantity which was found at the premises of Defendant No.1 and 2 itself clearly shows that the Defendants have conducted business worth crores of rupees in Whatman filter paper and lookalike filter paper.

65. Even in 2018, Defendant No.3, Mr. Mohit Mehta and Defendant No.7, M/s. Shri Maruti Chem Enterprise Ltd. had WHATMAN filter paper when the police searched the premises. There is no doubt whatsoever that



throughout the period despite giving undertakings, and despite the interim injunction, the Defendants have jointly carried out business of counterfeit Whatman filter paper and lookalike filter paper. They are guilty of infringement and passing off. They are also liable for making false statements before Court, which results in impediment of the administration of justice. The violation of the orders of the Court and non-adherence to repeated undertakings given constitutes wilful disobedience. First, the Defendants ought not to have manufactured/sold counterfeit WHATMAN filter paper. They also were clearly in the know when they started using similar get-up, colour combination and layout/arrangement for filter paper under their own marks, which were identical/similar to the WHATMAN filter paper. These are deliberate and conscious acts of the Defendants to pass off and earn monetary gain. The initial FIR in 1993 ought to have been sufficient to dissuade the Defendant Nos.1 to 5 and 7 from using the WHATMAN mark and/or selling filter paper in an identical colour combination or get up. The said FIR obviously did not have its effect despite the complaint being closed after undertakings given by Mr. Bharat Patel, Mr. Jatin Parekh and Mrs. Jagruti P. Mehta. Mr. Paresh Mehta, through his wife and son started a new firm by the name M/s. Shri Maruti Chem Enterprise Pvt. Ltd. for doing business of identical/pass off filter papers. In 2018, when the FIR was registered, Mr. Mohit Mehta was even arrested. The *modus operandi* is clearly to hoodwink the authorities and overreach the Court process. Any compassion shown to such persons would clearly send the wrong message.

66. Defendant No.4, Mr. Jatin Parekh has also been completely cavalier and has brazenly made false statements before Court. He is clearly

connected with Vidhi Traders as is evident from the website of Vidhi Traders itself.

67. The chronology of events shows that the illegalities as also repeated violations and disobedience of the orders and undertakings are deliberate and conscious. The pleadings contained false statements. The reports of the Local Commissioners totally exposed the illegalities of the Defendants. The final nail in the coffin was the scant regard shown even before the Court, when completely false statements were made. The contemptuous acts of the Defendant Nos.1 to 5 and 7 to 8 deserve to be punished in accordance with law. The Defendant Nos.1 to 5, 7 & 8 are held guilty of contempt.

68. Insofar as the Plaintiff's case for damages is concerned, applying the judgment in *Hindustan Unilever Limited v Reckitt Benckiser India Limited RFA (OS) 50/ 2008, Decided on 31<sup>st</sup> January, 2014*, the Defendants are liable to compensate the Plaintiff in damages as also punitive damages.

69. The conduct of the Defendants makes them liable for exemplary damages inasmuch as they have been both selling counterfeit WHATMAN paper as also lookalike filter paper under various marks with identical packaging, colour combination and get up. Going by even one seizure made when the Local Commissioner visited the premises, the stock that they possessed would have yielded them 10% commission i.e. to the tune of approximately Rs.45 lakhs. They have continuously conducted business since 1992 and are liable to pay damages to the Plaintiff.

70. The Learned Division Bench of this Court in *Hindustan Unilever Limited (supra)* has held as under:

“67. In India, the Supreme Court has affirmed the principles in *Rookes (supra)* and *Cassel (supra)*.”

*Interestingly, however, the application in those cases has been in the context of abuse of authority leading to infringement of Constitutional rights or by public authorities (ref. Ghaziabad Development Authority v. Balbir Singh, (2004) 5 SCC 6; Lucknow Development Authority v. M.K. Gupta, 1994 SCC (1) 243). As yet, however, the Supreme Court has not indicated the standards which are to be applied while awarding punitive or exemplary damages in libel, tortious claims with economic overtones such as slander of goods, or in respect of intellectual property matters. The peculiarities of such cases would be the courts need to evolve proper standards to ensure proportionality in the award of such exemplary or punitive damages. The caution in Cassel that "[d]amages remain a civil, not a criminal, remedy, even where an exemplary award is appropriate, and juries should not be encouraged to lose sight of the fact that in making such an award they are putting money into a plaintiffs pocket.... " can never be lost sight of. Furthermore-and perhaps most crucially-the punitive element of the damages should follow the damages assessed otherwise (or general) damages; exemplary damages can be awarded only if the Court is "satisfied that the punitive or exemplary element is not sufficiently met within the figure which they have arrived at for the plaintiffs solatium". In other words, punitive damages should invariably follow the award of general damages (by that the Court meant that it could be an element in the determination of damages, or a separate head altogether, but never completely without determination of general damages).*

68. *This court is of the opinion that the impugned judgment fell into error in relying on the decision in Times Incorporated v. Lokesh Srivastava 116 (2005) DLT 569. A Single Judge articulated, in his ex parte judgment in a trademark infringement action, as follows:*

*“This Court has no hesitation in saying that the time has come when the Courts dealing actions for infringement of trade-marks, 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. In Mathias v. Accor Economy Lodging, Inc. reported in 347 F.3d 672 (7th Cir. 2003) the factors underlying the grant of punitive damages were discussed and it was observed that one function of punitive damages is to relieve the pressure on an overloaded system of criminal justice by providing a civil alternative to criminal prosecution of minor crimes. It was further observed that the award of punitive damages serves the additional purpose of limiting the defendant's ability to profit from its fraud by escaping detection and prosecution. If a tortfeasor is caught only half the time he commits torts, then when he is caught he should be punished twice as heavily in order to make up for the times he gets away. This Court feels that this approach is necessitated further for the reason that it is very difficult for a plaintiff to give proof of actual damages suffered by him as the defendants who indulge in such activities never maintain proper accounts of their transactions since they know that the same are objectionable and unlawful. In the present case, the claim of punitive damages is of Rs. 5 lacs only which can be safely awarded. Had it been higher even, this court would not have hesitated in awarding the same. This Court is of the view that the punitive damages should be really punitive and not flea bite and quantum thereof should depend upon the flagrancy of infringement.”*

*With due respect, this Court is unable to subscribe to that reasoning, which flies on the face of the circumstances spelt out in Rookes and later affirmed in Cassel. Both those judgments have received approval by the Supreme Court and are the law of the land. The reasoning of the House of Lords in those decisions is categorical about the circumstances under which punitive damages can be awarded. An added difficulty in holding that every violation of statute can result in punitive damages and proceeding to apply it in cases involving economic or commercial causes, such as intellectual property and not in other such matters, would be that even though statutes might provide penalties, prison sentences and fines (like under the Trademarks Act, the Copyrights Act, Designs Act, etc) and such provisions invariably cap the amount of fine, sentence or statutory compensation, civil courts can nevertheless proceed unhindered, on the assumption that such causes involve criminal propensity, and award "punitive" damages despite the plaintiffs inability to prove any general damage. Further, the reasoning that "one function of punitive damages is to relieve the pressure on an overloaded system of criminal justice by providing a civil alternative to criminal prosecution of minor crimes" is plainly wrong, because where the law provides that a crime is committed, it indicates the punishment. No statute authorizes the punishment of anyone for a libel-or infringement of trademark with a huge monetary fine-which goes not to the public exchequer, but to private coffers. Moreover, penalties and offences wherever prescribed require the prosecution to prove them without reasonable doubt. Therefore, to say that civil alternative to an overloaded criminal justice system is in public interest would be in fact to sanction violation of the law. This can also lead to undesirable results such as casual and unprincipled and eventually disproportionate awards. Consequently, this court declares that the reasoning and formulation of law enabling courts to determine punitive damages, based on the ruling in Lokesh Srivastava and Microsoft*

*Corporation v. Yogesh Papat and Another, 2005 (30) PTC 245 (Del) is without authority. Those decisions are accordingly overruled. To award punitive damages, the courts should follow the categorization indicated in Rookes (supra) and further grant such damages only after being satisfied that the damages awarded for the wrongdoing is inadequate in the circumstances, having regard to the three categories in Rookes and also following the five principles in Cassel. The danger of not following this step by step reasoning would be ad hoc judge centric award of damages, without discussion of the extent of harm or injury suffered by the plaintiff, on a mere whim that the defendant's action is so wrong that it has a "criminal" propensity or the case merely falls in one of the three categories mentioned in Rookes (to quote Cassel again-such event "does not of itself entitle the jury to award damages purely exemplary in character").*"

71. In the above judgment, the Division Bench held that the principles laid down in the decisions in ***Rookes vs. Barnard [1964] 1 All E. R. 367*** and ***Cassell & Co Ltd v Broome [1992] AC 1027*** govern the award of punitive damages. In ***Rookes***, the House of Lords laid down that aggravated or punitive damages could be granted in the following three circumstances:-

- “(a) Oppressive, arbitrary or unconstitutional action any the servants of the government;*
- (b) Wrongful conduct by the defendant which has been calculated by him for himself which may well exceed the compensation payable to the claimant; and*
- (c) Any case where exemplary damages are authorised by the statute.”*

72. The conduct of the Defendants is wrongful to say the least. The Defendants have committed infringement of the Plaintiff's mark and impinged on their rights deliberately, consciously and wilfully for a period

spanning over 25 years. Repeated legal action has not deterred them. They showed no remorse in the statements recorded. Thus, applying the principles in *Rookes v Barnard (supra)*, the present is a case for award of aggravated, punitive damages. The Ld. Counsel Mr. R. Chandrachud did submit that the Defendants tender their apologies, and also candidly admitted that the Defendants' conduct was not defensible. The Defendants have caused enormous loss to the Plaintiff in the form of not only selling lookalike filter paper under various brands namely ACHME, HIRAL etc. but have also sold counterfeit WHATMAN filter paper as evident from the analysis reports filed. They have not just caused damage to the Plaintiff but even to the customers who have purchased these products presuming the same to be genuine WHATMAN filter paper. The Plaintiff is accordingly awarded a decree of damages of Rs.1 crore against Defendant No.1 - Mr. Paresh Mehta, Defendant No.3 - Mr. Mohit Mehta and their entities i.e. Defendant No.7. The suit is further decreed against Defendant No.2 – Mr. Bharat Patel, Defendant No.4 – Mr. Jatin Parekh and Defendant No.5 – Mr. Rajesh Patel for a sum of Rs.25 lakhs each to be paid to the Plaintiff. The suit is also decreed against Defendant No.8 – Mr. Ketan Ramniklal Sanghvi for a sum of Rs.10 lakhs to be paid to the Plaintiff. All the sums imposed as damages would be liable to be paid by Defendant Nos.1 to 5 and 7 & 8 to the Plaintiff within a period of three months from today.

73. The suit is thus decreed in terms of para 36(i) to (v). A decree of delivery up is also passed against the Defendants. The seized material shall be accounted for by the Defendants within a period of four weeks in the presence of an authorized representative of the Plaintiff and shall be delivered up to the Plaintiff.

74. A decree of damages for the sums stated above is passed against Defendants No.1, 2, 3,4, 5 and 8. The permanent injunction in terms of para 36 (i) to (v) of the plaint is passed against all the Defendants.

75. The Plaintiff has incurred huge costs in the present litigation as well, considering the repeated proceedings filed by it, the court fee, official fee of the Commissioners, expenses, legal costs etc. Costs are awarded on actual basis. The present suit is governed by the Commercial Courts, Commercial Division and. Commercial Appellate Division of High Courts Act, 2015 as also the Delhi High Court (Original Side) Rules, 2018. In cases of this nature, actual costs are liable to be awarded. The Plaintiff has filed a cost statement showing Rs.14,55,946.00 as the costs actually incurred. Decree sheet be drawn accordingly.

76. The suit is, accordingly, disposed of.

**I.A.5235/2018 (u/O XXXIX Rule 2A CPC)**

77. Defendant Nos.1 to 5 and 7 & 8 have been held guilty of contempt today.

78. List on 5<sup>th</sup> March, 2019 for hearing on punishment to be awarded.

प्रथिबा म. सिंग  
**PRATHIBA M. SINGH, J.**  
**JUDGE**

**FEBRUARY 01, 2019**

*Dk/Rahul/Rekha*