

\$~

*

IN THE HIGH COURT OF DELHI AT NEW DELHI

%

Pronounced on: 06.05.2022

+

CS(COMM) 479/2019 & I.A. 12127/2019

STARBUCKS CORPORATION

..... Plaintiff

Through: Ms. Priya Adlakha and Ms. Rima Majumdar, Advocates.

versus

TEAQUILA A FASHION CAFE & ANR.

..... Defendants

Through: Defendants are *ex parte*.

CORAM:

HON'BLE MS. JUSTICE JYOTI SINGH

JUDGEMENT

1. Present suit has been filed by the Plaintiff seeking decree of permanent injunction restraining the Defendants, their partners, etc. from infringing Plaintiff's registered trademark "FRAPPUCCINO" either alone or with any prefix or suffix or any other confusing and deceptively similar trademark in relation to their goods, services and business as well as passing off. Plaintiff has also prayed for award of damages and delivery up of the impugned goods, menu cards, etc. Decree for rendition of accounts of profits earned by the Defendants by using the FRAPPUCCINO marks is sought as an alternative relief to damages.
2. By order dated 03.09.2019, this Court granted an *ex parte ad interim* injunction in favour of the Plaintiff and against the Defendants. Relevant part of the order reads as under:-

"Consequently, till further orders defendant No.1 and 2, their partners, proprietors, licensees, franchisees, representatives are

thereby restrained from using in any manner FRAPPUCCINO mark on any of the products sold by them.”

3. Despite service, Defendants did not enter appearance and *vide* order 28.11.2019, they were proceeded *ex parte*.

4. Factual exposition to the extent necessary for the present judgement, as narrated in the plaint, is that Plaintiff is a Company organised and existing under the laws of the State of Washington, USA. In 1985, Plaintiff Company was incorporated as STARBUCKS CORPORATION and in the year 2019, when the suit was filed, it had 30,626 retail stores in 80 countries and territories around the world.

5. It is averred in the plaint that the Plaintiff uses the trademark FRAPPUCCINO and variations thereof for its widely popular hand-crafted blended cold beverages throughout the world in various flavours. The FRAPPUCCINO mark is registered in over 185 countries and territories in different classes in relation to various goods and services, details whereof have been furnished in the plaint. The trademark registrations are valid and subsisting.

6. It is averred in the plaint that the Plaintiff obtained top-level domain name frappuccino.com on 28.10.1997, which is re-directed to the Plaintiff's parent website at <https://www.starbucks.com/menu/drinks/frappuccino-blended-beverages>. Plaintiff has also obtained other top-level domain names where FRAPPUCCINO is the prominent part. A non-exhaustive list of the domains is given in the plaint.

7. It is stated that world-wide sales figures of the Plaintiff in respect of various products sold under the FRAPPUCCINO mark run into Billion USDs and Plaintiff spends substantial amount on advertisements and sales

promotion. The net revenue, as reflected in the plaint, for the Fiscal Year 2018 was 24,719.5 million USD and the amount expended on advertising was 260.3 million USD. It is the case of the Plaintiff that due to extensive use, world-wide sales and marketing and premium quality of the goods sold under the said marks, Plaintiff has earned formidable goodwill and reputation and has garnered attention from national and international media and has featured in various magazines and newspapers, including on websites. Plaintiff has consistently received top-level brand rankings from various brand-evaluation agencies over the past 19 years, which includes Interbrand, a leading International branding consultancy Company, which ranked STARBUCKS amongst the “Top 100 Brands” in the world (2000-2018), as also Forbes brand ranking, as being one of the World’s Most Valuable Brands. Most valuable brands are the ones that generate massive earnings in industries, where branding plays a major role.

8. It is stated in the plaint that Plaintiff marked its entry into the Indian Market in October 2012 by opening its first store in Mumbai and from then, Plaintiff expanded its presence in India and opened about 145 stores. Plaintiff is a registered proprietor of the trademark FRAPPUCCINO in India in various classes and the registrations are valid and subsisting, giving the Plaintiff an exclusive statutory right to use the trademark in India in respect of the goods for which they are registered. It is stated that Plaintiff has been using the registered trademark FRAPPUCCINO continuously and extensively all over the world for more than 24 years and the trademark is recognised by the public at large as being associated and identified with the Plaintiff and none else.

9. It is pleaded that FRAPPUCCINO is a well-known trademark under section 2(1)(zg) of the Trade Marks Act, 1999 (hereinafter referred to as the “Act”), on account of extensive use, global presence, trademark registrations in foreign jurisdictions and in India, transnational advertisements, ranking in Interbrand, substantial investments in promotions, presence on social media networking sites, huge customer base and transborder reputation, etc.

10. It is further stated in the plaint that the FRAPPUCCINO marks constitute an invaluable intellectual property of the Plaintiff and Plaintiff has been vigilant in protecting its property rights not only through registrations but enforcement actions, ranging from opposing the trademark applications to legal actions in Courts, wherein positive decisions have been given both by the Foreign Courts as well as Indian Courts.

11. The cause that triggered the filing of the present suit was the information that the Plaintiff received in November, 2018 that Defendant No.2 was operating a cafe/restaurant under the name ‘Cafe TeaQuila– A Fashion Cafe’, wherein Defendant No.1 was selling/serving beverages under the name ‘BUTTER SCOTCH FRAPPUCCINO’ and ‘HAZEL NUT FRAPPUCCINO’, without Plaintiff’s permission, authorization or license. The marks used by the Defendants are phonetically and visually identical to the Plaintiff’s FRAPPUCCINO mark and the names of the beverages are confusingly and conceptually similar to one of the Plaintiff’s hand-crafted beverage items ‘SMOKED BUTTERSCOTCH FRAPPUCCINO’ and ‘HAZELNUT FRAPPUCCINO BLENDED COFFEE’. References to the trademark FRAPPUCCINO are prominently made on the printed menu card as well as on the electronic menu card of the Defendants’ cafe/restaurant and

the latter is uploaded on third-party listing portal www.zomato.com for promotion, advertisement and generating business.

12. Compelled by the circumstances, it is averred, Plaintiff sent a cease and desist notice to the Defendants. However, despite receipt of the notice as well as reminders and negotiation talks telephonically, Defendants continued to sell the impugned products. Having no option, the present suit was filed.

13. Since Defendants were proceeded *ex parte*, Plaintiff filed its *ex parte* evidence by way of affidavit of its authorised signatory, Mr. Raghuvver Singh Rathore, who was examined as PW-1. The witness proved the documents on record as Exhibits PW-1/1 to PW-1/40.

14. Learned counsel appearing on behalf of the Plaintiff contends that the trademark FRAPPUCCINO and its variants are registered in India and in foreign jurisdictions and on account of continuous and extensive use in relation to the goods for which they are registered, they are associated with Plaintiff and none else. The trademarks have acquired the status of well-known trademarks under section 2(1)(zg) of the Act. Defendants are clearly infringing the trademarks as well as passing off their goods as those of the Plaintiff's by use of the identical mark FRAPPUCCINO in respect of identical goods. The adoption and continued use of the impugned trademarks by the Defendants is dishonest, without due cause and in bad faith. There is no *bona fide* explanation for its adoption and Defendants have deliberately chosen to keep away from the proceedings, as they know fully well that they have no defence. The intent was clearly to trade upon the immense goodwill and reputation of the Plaintiff and the usage of the trademarks has had detrimental impact on the distinctive character of the

trademarks, thereby diluting the same and also tarnishing the reputation of the Plaintiff.

15. I have heard learned counsel for the Plaintiff and also perused the plaint, documents as well as the evidence on record. Plaintiff's witness PW-1 proved some of the Indian registrations of the Plaintiff's trademarks FRAPPUCCINO as Exhibits PW-1/19 through PW-1/22. PW-1 proved the printed menu card of the Defendants' cafe/restaurant as Exhibit PW-1/26 and PW-1/27 as well as the invoice dated 16.11.2018 issued by the Defendants for sale of the beverage using the impugned mark, as Exhibit PW-1/28. Electronic menu card was proved as Exhibit PW-1/29. The witness also proved the correspondence exchanged between the parties and the online pages showing continued use of the impugned marks.

16. Having heard learned counsel for the Plaintiff and after perusing the evidence and documents, this Court is of the view that the Plaintiff's FRAPPUCCINO trademarks have acquired formidable reputation and goodwill in India and the Defendants have used identical marks with respect to similar goods and the trade channels and the customer base are also common. Therefore, the triple identity test is satisfied. *Ex-consequenti*, it is proved by the Plaintiff that use of the impugned marks by the Defendants amounts to infringement of Plaintiff's FRAPPUCCINO trademarks. It is also proved that the intent of the Defendants was to pass off their goods as that of the Plaintiff and a case of passing off is also established. It needs no reiteration that the pleadings in the plaint and evidence led by the Plaintiff are unrebutted and thus, accepted as true and correct. Plaintiff has made out a case for grant of permanent injunction in terms of prayers (a) and (b) in para 47 of the plaint.

17. On the question of damages, PW-1 Mr. Raghuveer Singh Rathore has deposed that Defendants were operating a café/restaurant wherein the Defendants were selling beverages under the name BUTTER SCOTCH FRAPPUCCINO and HAZEL NUT FRAPPUCCINO. Photographs of the Defendants' shop have been proved by the witness. Exhibit PW-1/27 are the photographs of Defendants' menu card wherein both the beverages are a part of the menu. Exhibit PW-1/28 is the invoice dated 19.11.2018 issued by the Defendants for sale of BUTTER SCOTCH FRAPPUCCINO. PW-1 has further deposed that the electronic menu card of the Defendants also has references to the beverage FRAPPUCCINO and the online menu cards and listings of Defendants' café on third party portals indicate promotions, advertisement and business generation.

18. PW-1 has further deposed that the menu card and the invoice indicate that the beverages under the aforesaid names are sold at a price of Rs.189/- each and assuming that 200 units of each beverage were sold in a month, calculating from November, 2018 when the Plaintiff first learnt of the unauthorised use till December 2019, the amounts earned are as follows:-

200 Butterscotch Frappuccino * 13 months = 2600 * 189 = Rs.4,91,400

200 Hazelnut Frappuccino * 13 months = 2600 * 189 = Rs.4,91,400

Rs.9,82,800

19. PW-1 has further deposed that the minimum price of one FRAPPUCCINO beverage sold by the Plaintiff in India is about Rs.250/-

(exclusive of taxes) and the original invoice is Exhibit PW-1/17. On the said basis, loss of income calculated by the Plaintiff is as follows :-

400 Starbucks Frappuccino * 13 months= 5200 * 250

Total= Rs.13,00,000

20. According to the Plaintiff, 400 beverages have been presumably sold by the Defendants. Having analysed the claim made by the Plaintiff towards damages, this Court is of the view that the claim for damages is based on presumptions that the Defendants would have sold 400 beverages in the relevant period. Plaintiff has not placed on record invoices for the sales, save and except one invoice and this cannot, in my view, lead to a conclusion that 400 beverages may have been sold. No stocks were recovered or seized from the premises of the Defendants. The entire claim is thus based on conjectures and surmises and no evidence has been led to support the claim of damages. In the absence of any evidence or sufficient material in favour of the Plaintiff, this Court is not in a position to award the damages claimed.

21. Learned counsel for the Plaintiff relied upon the judgement of the Coordinate Bench of this Court in ***Cartier International AG & Ors. v. Gaurav Bhatia & Ors., 2016 SCC OnLine Del 8***, in support of the claim for damages. In the said case, there was evidence on record in the form of telephonic transcripts as well as seized goods which were counterfeit products, whereby the Plaintiff was able to prove and establish sale of the counterfeit products and in these circumstances, the Court had awarded punitive damages. Judgement in the case of ***Hindustan Unilever Ltd. v. Reckitt Benckiser India Ltd., 2014 SCC OnLine Del 490*** relied upon by the Plaintiff was a case of disparagement through telecast of the impugned

advertisements and not a case of trademark infringement. Secondly, evidence was led in the form of number of times the advertisements were telecast, quantum of advertisement expenses incurred by the Defendant in the suit therein and amounts spent by the Plaintiff therein to advertise its products, etc. Thus, in my view, none of the two cases inure to the advantage of the Plaintiff herein to establish its claim towards damages. However, the Court cannot lose sight of the fact that Defendants have been found guilty of infringement and in such circumstances, Court can grant notional damages in terms of the judgment in *Indian Performing Right Society v. Debashis Patnaik, 2007(34) PTC 201 Del.* Accordingly, damages to the tune of Rs.2,00,000/- are awarded in favour of the Plaintiff and against the Defendants.

22. As regards costs in terms of prayer (h) of para 47 of the plaint, Plaintiff has filed the Advocates' Fee Certificate indicating the cost incurred by the Plaintiff, including the fee of the lawyers and the Court Fee, which amounts to a total sum of Rs.9,60,100/-.

23. Suit is accordingly decreed in terms of prayers (a) and (b) of para 47 of the plaint in favour of the Plaintiff and against the Defendants. Decree of damages is passed in favour of the Plaintiff and against the Defendants for a sum of Rs.2,00,000/-. Cost of Rs.9,60,100/- is awarded in favour of the Plaintiff and against the Defendants. Pending application also stands disposed of.

24. Decree-sheet be drawn up.

JYOTI SINGH, J

MAY 6th, 2022
rk/yg/st