

\$~1 \* THE HIGH COURT OF DELHI AT NEW DELHI IN Date of Decision: 03<sup>rd</sup> May, 2024 CS(COMM) 241/2018 & CCP(O) 86/2012, I.A. 15255/2012 +KARIM HOTELS PVT LTD & ANR ..... Plaintiffs Ms. Ridhima Goyal and Mohd. Affan, Through: Advocates. versus NIZAMUDDIN & ANR ..... Defendants Mr. Jagdeep Anand, Advocate for D-Through: 2.

# CORAM: HON'BLE MR. JUSTICE SANJEEV NARULA JUDGMENT

### SANJEEV NARULA, J. (Oral):

1. The Plaintiffs, proprietors of the registered trademark "KARIM'S", have filed the instant suit contending that by using a nearly identical mark/ name "KARIN'S", the Defendants are infringing their mark and are passing off their goods as that of the Plaintiffs'. Upon receipt of summons, the Defendants joined the present proceedings, but failed to file their written statement(s). Nonetheless, the Plaintiffs led their evidence. The trial having been concluded; the matter is now before Court for final adjudication.

### The case set up by the Plaintiffs

2. The facts and contentions presented by Ms. Ridhima Goyal, counsel for the Plaintiffs, are as follows:



2.1. Plaintiff No. 1 is the registered proprietor of the trademark "KARIM'S" used in respect of chain of restaurants renowned for their Mughlai cuisine. The mark was first adopted by Mr. Haji Karimuddin in the year 1913, and was subsequently bequeathed to his lineal descendants. In 1987, Mr. Karimuddin's heirs constituted a private limited company under the name Karim Hotels Pvt. Ltd. [Plaintiff No. 1] for developing their business operations.

2.2. Plaintiff No. 1's first trademark registration for the label "KIRINIS" " is dated 24<sup>th</sup> December, 1998 in class 29.

Over time, Plaintiff No. 1 secured numerous registrations for stylized variants of their trademarks, which are detailed below:

Application	Trademark	Class	Date of
No.			Application
2051010		16	09.11.2010
2051011		30	
2051012	Since : 1913	43	
2051013	KAREEM	16	09.11.2010
2051014		30	
2051015		43	
2051016	70010	16	09.11.2010
2051017		30	
2051019		43	

2051018	KERIMS	16	09.11.2010
2051020	RECEIPTION	16	09.11.2010
2051023		30	
2051024		43	
2051021	シンドのようで	30	09.11.2010
2051022	e lel fel de	43	
2051025	11 m	16	09.11.2010
2051026		30	
2051027		43	
	KERIMS		
2051028	s of good mood	16	09.11.2010
2051029	Secret of good mood Taste of Karim's food	30	
2051030	Tuste -	43	

2.3. Plaintiff No. 1 also asserts copyright protection over the artistic works comprising the afore-noted labels.

2.4. The continuous usage of the "KARIM'S" trademark and its formative versions has resulted in accrual of formidable goodwill and reputation in Plaintiff No. 1's name. The name/ mark represents superior quality of the offered goods and services to the consumers. To increase their footprint and presence in the market, Plaintiff No. 1 adopted a business model, whereunder they grant licenses authorising the use of "KARIM'S" trademarks for commercial exploitation in relation to restaurant services. One such license was accorded to Plaintiff No. 2, Karim's Mughlai Foods,



sole proprietorship of one Mr. Asifuddin. Pursuant to this arrangement between the Plaintiffs, Plaintiff No. 2 secured a lease for the premises situated at Plot No. 169, Adarsh Nagar, Opposite Gaur Green Avenue, National Highway- 24, Ghaziabad, Uttar Pradesh,<sup>1</sup> owned by Defendant No. 2. An Agreement to this effect was executed 01<sup>st</sup> May, 2008 between Plaintiff No. 2 and Defendant No. 1 (son of Defendant No. 2). This agreement stipulated that Defendant No. 1 would lease the premises, along with culinary and other equipment and furniture specified in the agreement, to Plaintiff No. 2 for restaurant operations. In return, Plaintiff No. 2 would pay a fixed commission of 12% of the restaurant's sales to Defendant No. 1.<sup>2</sup> The Lease Agreement was to operate for five years, extendable with the parties' mutual consent. Further, it was also provided that the trade name and goodwill of the "KARIM'S" mark would vest in Plaintiff No. 2 and Defendant No. 1 shall have no claim thereon.

2.5. Subsequently, when the restaurant's operations failed to meet the business expectations of the Plaintiffs, Plaintiff No. 2 opted to terminate the Lease Agreement by paying the pre-determined severance fee of Rs. 10,00,000/-. Consequently, Plaintiff No. 2 and Defendant No. 1 entered into a Cancellation Agreement dated 01<sup>st</sup> November, 2009, whereunder Defendant No. 1 *inter alia* undertook to not use the brand name/ trademark "KARIM'S" or "KARIM'S MUGHLAI FOODS" or any other deceptively similar mark/ name, in any form, including on sign boards, menu cards, staff uniform, and packing material.

2.6. In November, 2010, the Plaintiffs learnt that Defendant No. 1, in

<sup>&</sup>lt;sup>1</sup> "lease premises".

<sup>&</sup>lt;sup>2</sup> "Lease Agreement".



contravention of the Cancellation Agreement, fraudulently and with deliberate intent to infringe upon Plaintiff No. 1's trademark, started utilizing a deceptively similar mark "KARIN'S" along with the Plaintiff's registered marks "KARIM'S" and "SECRET OF GOOD MOOD TASTE OF KARIM'S FOOD" for a restaurant situated at the lease premises. Even the sign boards and menu cards of the Plaintiffs were copied by the Defendants, where they falsely claimed to be the descendants of Mr. Haji Karimuddin.

2.7. Plaintiff No. 1 issued a cease-and-desist notice to Defendant No. 1 on 22<sup>nd</sup> November, 2010, following which the Defendants apparently halted the disputed activities. However, on 23<sup>rd</sup> April, 2012, the Plaintiffs discovered that the Defendants had resumed the impugned operations at the lease premises, thereby unjustly benefiting from the goodwill and reputation associated with Plaintiff No. 1's "KARIM'S" trademark. Consequently, the present suit was instituted.

### **Relevant proceedings before Court**

3. On 18<sup>th</sup> May, 2012, while issuing summons, finding a *prima facie* case in Plaintiffs' favour, an *ex-parte* ad-interim injunction was granted, restraining the Defendants from using the trademark of Plaintiff No. 1 from the lease premises. Additionally, a Local Commissioner was appointed to seize all goods, including moulds, packing material, sign boards, and advertising materials bearing Plaintiff No. 1's trademark.

4. Both the Defendants were served with the summons and afforded an opportunity to contest the instant suit. However, despite opportunity, none of them filed their written statement(s), resulting in closure of their right on



22<sup>nd</sup> January, 2013.

5. Later, on 23<sup>rd</sup> August, 2013, the ad-interim injunction granted on 18<sup>th</sup> May, 2012 was directed to continue till the pendency of the suit. In absence of the written statement(s), no issues were framed, however, the Plaintiffs led evidence to substantiate their case. They examined Mr. Asifuddin, proprietor of Plaintiff No. 2, as PW-1, who was also cross-examined by the counsel for Defendant No. 2. The Defendants did not lead any evidence, in absence of any pleadings.

### Local Commissioner's Report

6. The Local Commissioner executed the commission on 26<sup>th</sup> May, 2012 at the lease premises. The relevant extracts from his Report are as under:

*"*4. That the Local Commissioner, counsel for the plaintiffs, and the police team reached on the spot at about 12.45 p.m. On the spot there was a restaurant on the ground floor of a building whose glass door was having a sticker "KARiM'S" pasted and on the top of the building there was displaying a board "KARiM'S Munghlai Foods" there was another board displaying "Secret of good mood Taste of Karim's food FREE HOME DELIVER". Another board displayed three telephone number and address i.e. "0120-6490716, 6490717, 6490718 and A-169, Adarsh Nagar, NH-24, Opp. Indirapuram" was displaying. Upon entering in the premises one person met at the Cash Counter who identified himself as Mr. Rahim S/o Rafiq Malik i.e. defendant No. 2. Mr. Rahim was informed by the Local Commissioner about the commission and the order of this Hon'ble Court. Thereafter, Mr. Rahim informed his father telephonically about the commission. The father of Mr. Rahim i.e. Mr. Rafiq Malik, defendant no. 2 reached the spot in about 10 to 15 minutes. After reaching the spot defendant no. 2 Mr. Rafiq Malik started creating hindrance towards execution of the commission stating that he has no intimation/notice about the stay or the present commission. Thereafter, Mr. Malik was shown a copy of the order of this Hon'ble Court. Defendant no. 2 Mr. Rafiq Malik telephonically contacted his counsel Mr. R.K. Khurana (as identified by Mr. Rafiq Malik) who talked with the Local Commissioner on the phone of Mr. Rafiq Malik. The Local Commissioner telephonically informed Mr. R.K. Khurana



regarding the order and the present commission. The photographs of the front of the building, glass door and inside the premises were taken. Some of the photographs were taken by placing English daily newspaper "The Hindu" dated 26.5.20012 and Hindi daily newspaper "Hindustan Ghaziabad dated 26.5.2012 of menu cards and menu leaflets. The copy of the English daily newspaper "The Hindu" dated 26.5.20012 and Hindi daily newspaper "The Hindu" dated 26.5.2012 are annexed as <u>Annexure-C (colly).</u> The photographs were taken by Mr. Raju Malhotra who has reached the spot directly, he has come on instructions of the plaintiffs for taking photographs.

5. That after conversation with the counsel for the defendant no. 2 the Local Commissioner seized articles available in the restaurant pertaining to the trademark of the plaintiffs. The following articles were seized by the Local Commissioner:

	Article	Nos.
а.	Menu Cards -	21
<i>b</i> .	Menu Leaflets -	3587
С.	Cash Bill dt.25.5.2012 -	1

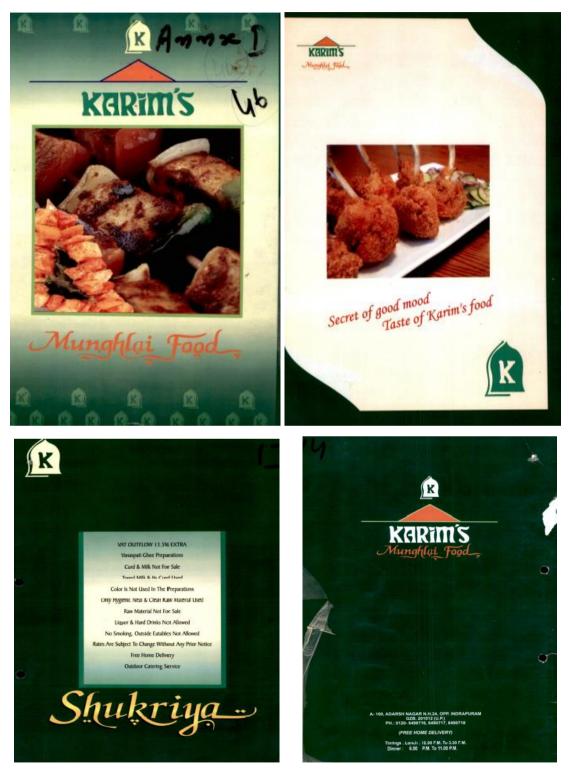
These articles were sealed off a carton with brown adhesive tape. One Menu Card and one Menu Leaflet were kept for ready reference of this Hon'ble Court and the same are filed as <u>Annexure-D & E</u>. respectively.

6. That apart from the above seized articles one board On the top of the building which consisting the name Karim's and one board on the NH-24 could not be seized as for their seizure it requires skilled labour. The Local Commissioner tried for the skilled labour in the near vicinity of the spot but could not find any such labour. Therefore, they were not seized. However, the Local Commissioner asked the defendant no. 2 to get the board removed and give an undertaking in this regard which he refused to do so. As per the direction of this Hon'ble Court the above articles which were seized were to be handed over to the defendant no. 2 i.e. Mr. Rafiq Malik. He was asked to. take the goods & furnish a Superdarinama but refused to give the undertaking/Superdarinama and asked the Local Commissioner to take the seized articles into his custody and deposit the same in the Court. In these circumstances the seized and sealed articles (packed in two cartons) were taken in the custody by the Local Commissioner."

7. The photographs of the infringing goods seized from the Defendants'

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premises, annexed with the Local Commissioner's Report, are reproduced below:





The Defendants' position



8. Although no written statement has been filed on behalf of the Defendants, they have filed short affidavits elucidating their stand, to the following effect:

#### Of Defendant No. 1

- "3. That I state that the Defendant No. 2 is the sole owner of the premises being A-169, Adarsh Nagar, NH-24, Ghaziabad, UP. I was running a restaurant on oral lease of monthly rental of Rs. 20,000/- from the Defendant No. 2. Subsequently I was offered franchisee from the Plaintiff and I entered into a franchisee agreement with the Plaintiff and continued running the restaurant on monthly rent payable to Defendant No. 2.
- 4. That I state that the said franchisee agreement was subsequently terminated by the Plaintiff and Rs. 10 lakh was paid to me towards premature termination of franchisee agreement. I state that after the termination of the franchisee agreement I have entered into a separate and different business and have nothing to do with the hotel being run from the said premises.
- 5. That I state that upon being offered this franchisee and to meet the demands set by the Plaintiff I had invested Rs. 35 Lakhs into the venture towards interior, furniture. ACs, DG Set, Motor Bikes, Fridges, Oven, staff, etc. However, when the franchisee was prematuredly terminated I was paid only Rs. 10 Lakh and have suffered huge financial loss.
- 6. That I state and submit that the Plaintiff, when ever they see any restaurant starting to flourish in any area, first offer franchisee by showing huge future prospects and then suddenly terminate the franchisee. In the process the person who has taken the franchisee suffers huge financial losses to the extent that it has to ultimately quit this business. I is evident from the minutes of meeting dated 16.02.2012 filed by the Plaintiff."

#### Of Defendant No. 2

- "2. That the Defendant submits that the business activity of Restaurant in the name and style of KARINS has been stopped/closed from the month of October, 2012 at the above said address.
- 3. That the Defendant No. 2 also submits that the entire premises has been vacated by the answering defendant in the month of October, 2012 and he is not at all running any business from the premises No. A-169, Adarsh Nagar, Ghaziabad, U.P.



4. That the Defendant No. 2 submits that after the closer of business activity in the name and style of KARINS, there is nothing left for dispute between the contesting parties."

# Analysis and findings

9. The Court has considered the afore-noted submissions and examined the record. In order to ascertain the issue of infringement of the Plaintiffs' intellectual property rights, a visual comparison of the trademarks, as used by the parties, is drawn below:

Plaintiffs' trademark	Defendants' trademark
KARIM'S	KARIN'S
KARIMÍS	KARIN'S KARIM'S
Since: 1913	K
Secret of good mood Taste of Karim's food	Secret of good mood Taste of Karim's food

10. Undoubtedly, the trademarks/ names of the parties are indistinguishable. Defendants have entirely imitated Plaintiff No. 1's registered trademarks, replicating all aspects such as font of the letters, design of the logo, color scheme, size, style, and placement of letter and the taglines. Both the marks are also used for identical services. Given the prior



business relationship between the parties, this appears to be a deliberate effort by the Defendants to deceive consumers into believing that their commercial partnership with the Plaintiffs continues. These similarities in the competing trademarks, combined with their use for identical goods and services, constitute a clear infringement of Plaintiff No. 1's registered trademarks as per Section 29(1) and 29(2)(b) and (c) of the Trademarks Act, 1999, by the Defendants. Further, the extensive imitation of the artistic design of Plaintiffs' labels by the Defendants also amounts to violation of the Plaintiffs' copyright.

11. Defendants, as noted above, do not have any defence. The Plaintiffs, on the other hand, have established their ownership over "KARIM'S" trademarks by proving the registration certificates issued in relation thereto. The Defendants have not refuted the Plaintiffs' ownership of their "KARIM'S" trademarks, which has also been acknowledged by them in the affidavits filed before Court as well as the Lease Agreement [Exhibit PW 1/3] and Cancellation Agreement dated 16<sup>th</sup> November, 2009 [Exhibit PW 1/8] executed between Defendant No. 1 and Plaintiff No. 2, bearing the signatures of Defendant No. 2 as a witness. Defendant No. 1 had, under the said Agreements, agreed to not use the "KARIM'S" trademarks, yet, they continued to use the Plaintiffs' trademarks. The impugned use is also evinced through the Local Commissioner's Report, which can be read in evidence in terms of Order XXVI Rule 10(2) of the Code of Civil Procedure, 1908.<sup>3</sup>

12. Defendant No. 1, in the affidavit dated 21<sup>st</sup> August, 2012, has asserted that they established a franchisee of the Plaintiffs by entering into a



Franchise Agreement, which was prematurely terminated upon a payment of Rs. 10,00,000/-. However, these claims lack substantiation. This defence, first and foremost, has not been presented in the written statement, as none was filed. Furthermore, no Franchise Agreement has been produced before the Court. On the contrary, the Plaintiffs have proved the Lease and Cancellation Agreements [Exhibits PW 1/3 and 1/8, respectively], which demonstrate that the Defendants have been utilizing the impugned marks despite termination of the Lease Agreement, without the Plaintiffs' authorization. Therefore, the Court finds that the Plaintiffs have established a case for infringement of their registered trademark and copyright by the Defendants.

# <u>Relief</u>

13. Since Defendant No. 2, the owner of the lease premises, has affirmed that the Defendants are no longer conducting business under the disputed marks from the lease premises, Ms. Goyal fairly submits that the Plaintiffs are waiving the prayer for damages, rendition of accounts and delivery up, claimed in paragraph No. 35 (D) to (F) of the plaint. However, she requests for award of costs in the Plaintiffs' favour to cover the litigation expenses that they have incurred in prosecuting the present case.

14. In view of the foregoing discussion and Ms. Goyal's statement, the present suit is decreed in favour of the Plaintiffs, and against the Defendants in terms of paragraph No. 35 (A) and (C) of the plaint.

15. The next question that arises before Court is regarding the party from whom the costs should be recovered. On this aspect, Mr. Jagdeep Anand,

<sup>&</sup>lt;sup>3</sup> See: ML Brother LLP v. Maheshkumar Bhuralal Tanna, 2022 SCC OnLine Del 1452



counsel for Defendant No. 2, states that Defendant No. 2 is only the owner of the lease premises and the infringing activities were conducted by Defendant No. 1 from the property. He further submits that although Defendant No. 1 is Defendant No. 2's son, however, due to familial discord, they are no longer on speaking terms. Mr. Anand also refers to the prayer clause (D) of the plaint to contend that Plaintiffs had sought for a decree of damages only against Defendant No. 1, which further evidences that Defendant No. 1 was infringing the Plaintiffs' intellectual property, and not Defendant No. 2.

16. Considering the above, the Plaintiffs shall be entitled to recover the actual costs of the suit from Defendant No. 1. Accordingly, it is directed that the Plaintiffs shall file their bill of costs in terms of Rule 5 of Chapter XXIII of the Delhi High Court (Original Side) Rules, 2018 on or before 15<sup>th</sup> July, 2024. As and when the same is filed, the matter be listed before the Taxing Officer for computation of costs.

17. The suit is disposed of in the above terms, along with pending applications.

18. Decree sheet be drawn up.

#### SANJEEV NARULA, J

**MAY 3, 2024** as