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IN THE HIGH COURT OF DELHI AT NEW DELHI

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CS (OS) 949/2015

YAHOO! INC

..... Plaintiff

Through: Mr. Pravin Anand, Mr. Dhruv Anand
and Ms. Uditia Pairo, Advocates.

versus

SANJAY PATEL & ORS.

..... Defendants

Through: *ex parte*

CORAM: JUSTICE S. MURALIDHAR

ORDER

01.09.2016

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1. This suit by Yahoo! Inc., a corporation, organized under the laws of the State of Delaware, USA, having its registered office in California, is directed against Apricot Foods Pvt. Ltd. ('AFPL') (Defendant No.2), Mr. Sanjay Patel (Defendant No.1) Director of AFPL and Shri Jee Traders (Defendant No.3), seeking permanent injunction to restrain the Defendants from infringing the Plaintiff's trademark, passing off, damages and delivery up etc.

2. Summons in the suit and notice in the application were issued on 10th April 2015. The relevant portion of the said order reads as under:

“Issue notice, returnable before the Court on 27.7.2015.

The plaintiff claims to be the owner of the trademark YAHOO. It

has been registered in India in various Classes including Classes 29 and 30, which covers snack foods, snack mixer, snack bar, pretzels, tortilla chips, etc. The defendants are stated to be infringing the plaintiff's trademark by manufacturing and marketing products falling in Classes 29 and 30. The merchandise being marketed is under the name YAHOO MASALA CHAKRA and YAHOO TOMATO TANGY. A consignment of the products being manufactured and marketed by the defendants was purchased by an agent/investigator of the plaintiff and the goods were delivered in Delhi, which contained the infringing trademark YAHOO MASALA CHAKRA and YAHOO TOMATO TANGY. The plaintiff claims protection from infringement of its trademark YAHOO.

The plaintiff has made out a prima facie case for an ex parte ad interim order and in case such an *ex parte* ad interim order is not granted at this stage, irreparable prejudice would be caused. The balance of convenience too is in favour of the plaintiff.

In the circumstances, till the next date of hearing, the defendants, their partners or proprietors as the case may be, their principal officers, servants and agents, group/sister concerns or companies are restrained from manufacturing, selling, offering for sale, distributing products or offering services, advertising including on the Internet, and in any other manner using the Yahoo trademark or any other deceptively similar mark as part of their product name, etc. amounting to infringement of the plaintiff/s registered trademarks in Classes 29 and 30.”

3. Subsequently on 23rd February 2016, this Court passed an order as under:

“Shri Ankur Agarwal, the sole proprietor of defendant No. 3-Shri Jee Traders, is present with his counsel. He has produced his identity card as proof of his identity and his counsel also identifies him. Defendant No. 3 states that the defendant is not dealing with the products with the

trademark of the plaintiff, namely, Yahoo. He further states that he shall not deal in any products with the said marks. He undertakes to the Court to the aforesaid effect.

Learned counsel for the plaintiff submits that in view of the said undertaking being given by defendant No. 3, the plaintiff does not press the relief for damages against defendant No. 3. Accordingly, qua defendant No.3, this suit stands decreed in terms of prayer 59(i) and (ii). The defendant No. 3 shall remain bound by the undertaking.

Defendant Nos. 1 and 2, despite service, neither appeared nor filed their written statement. Accordingly, they are proceeded ex parte. The plaintiff may file the affidavit by way of evidence towards examination-in-chief with documents within four weeks.

List the matter before Joint Registrar for marking exhibits on 06.04.2016 and before Court on 10.08.2016.

The order dated 10.04.2015 passed in IA No. 7131/2015 is confirmed till the disposal of the suit.”

4. The Court thus decreed the suit in terms of prayer 59(i) and (ii) against the Defendant No.3. The Court also set the Defendant Nos. 1 and 2 as *ex parte* since despite service neither of them appeared.

5. The Plaintiff then filed an affidavit of *ex parte* evidence of Col. J.K. Sharma (PW-1) on 27th May 2016.

6.The uncontroverted facts emerged from the affidavit of PW-1 are as under:

(i) Yahoo is a corporation having its registered office at California, USA. It is stated to be a global technology company that provides a wide array of

products and services on PCs and other devices. It is stated that Yahoo keeps people connected across devices and around the world by creating highly personalised experiences for its users. Yahoo is also stated to create value for advertisers by connecting them with audiences that build their businesses. The Plaintiff's products and services are stated to be available in more than 45 languages, and in 60 countries, regions and territories. It is stated that the Plaintiff's trademark YAHOO is one of the most recognised brands in the world and has numerous international web properties. The Plaintiff has its offices in United States, Europe, Canada and the Asia Pacific region including India.

(ii) The Plaintiff's offerings under the Yahoo brand name are extensive, and its services include web directory and search services, e-mail, chat, the provision of information on topics including sports, stock quotes, real estate, movie reviews, news, weather, sports, and travel, among others, yellow pages directory services, maps, online shopping, audio and video streaming, web-store hosting and management, and more. These offerings integrate search, personalization, and content to create a powerful and useful user experience.

(iii) Since launching its Yahoo website in 1994, the Plaintiff has broadened its offerings under the Yahoo brand to include, in addition to its directory and search services, a wide variety of other online services, some of which are focused on specific demographic, geographic and subject areas. For such services, the Plaintiff uses the YAHOO mark together with a descriptive name of its services. Some of such services are Yahoo Mail, Yahoo News,

Yahoo Screen, Yahoo Messenger, Yahoo Shopping, Yahoo Travel, Yahoo Finance, Yahoo Answers, Yahoo Sports, Yahoo Games, Yahoo Maps, Yahoo Groups, Yahoo Music, Yahoo TV, Yahoo Autos, Yahoo Food, Yahoo Tech, and Yahoo Health, etc. All these services offered by the Plaintiff make use of YAHOO -formative trademarks and domain names.

(iv) All of the services offered by the Plaintiff are exceedingly popular and its websites record billions of page views per day from the world over, including India. The Plaintiff's main website is "www.yahoo.com" and in para 9 of the Plaint, a list of some of its other region specific introductions of its Yahoo website is given. It is also stated that the trademark YAHOO has international significance and trans-border reputation. The Plaintiff's India specific website "https://in.yahoo.com" is stated to have been launched in June 2000 which caters to users in India and offers the Plaintiff's services in a manner that is suited specifically for India.

(v) The YAHOO trademark and trade name is not restricted only to computer and internet related services but extends to clothing, sporting goods, office supplies, magazines, mp3 players and many more, including collateral goods such as computer accessories through licenses and co-branding agreements. Para 15 of the Plaint sets out the annual revenues of the Plaintiff for the years 1995 to 2013. All this goes to establish that the fame, repute and renown of the Plaintiff's YAHOO trademark is not confined to any one class or type of goods and services.

(vi) The cumulative effect of all this is that the trademark YAHOO has for

many years been a strong and inherently distinctive trademark, and acts as a source identifier of the goods and services of the Plaintiff. Further Yahoo is stated to have achieved a strong globally prominent status among web users. In any event, the trademark YAHOO is stated to enjoy a secondary meaning as indicating the Plaintiff to be the source of origin of the goods and services to which it is applied. The copies of write-ups and advertisements appearing in various newspapers and publications demonstrating the renown of the Plaintiff's Yahoo brand has also been filed along with the Plaintiff.

(vii) The word “YAHOO” is completely arbitrary in respect of internet services and also highly distinctive on account of the exclusive use by the Plaintiff in its fields of activity. Further, the trademark YAHOO is stated to have been rarely used in relation to any goods and/or services before the Plaintiff having widely popularized its use in connection with its company. Thus due to the long and continuous use, extensive advertising and sales promotion, and extensive goodwill and reputation associated with the YAHOO trademark, it is stated to have become easily identifiable by members of the public and trade, as originating exclusively from the Plaintiff.

(viii) The pending trademark registrations for YAHOO formative trademarks filed by the Plaintiff and the copies of trademark registration certificates of the trademarks owned by the Plaintiff have been filed along with the plaintiff. In the “List of Well-Known Trademarks” maintained by the Indian Trademark Registry the Plaintiff’s YAHOO trademark is at serial no.54. This list has also been filed along with the plaintiff.

(ix) Defendant No. 2, M/s Apricot Foods Pvt. Ltd ('AFPL') is stated to mostly use EVEREST and the eVITA brand names to manufacture and sell snack foods including natural potato chips, Indian Ethnic savoury snacks etc. Defendant No. 2 also operated a website www.everestsnacks.com which lists out its products. Defendant No. 2 is now stated to operate through the website <http://www.shaktiqanaa.com/Apricot.html>, the website of its parent company, the Shakti Ganga Group.

(x) Defendant No. 1 is the Director of the Defendant No.2 Company and is stated to be responsible for taking day to day decisions regarding the operations of the Defendant No. 2 Company. The Defendant No. 3 Shri Jee Traders is distributor/superstockist of the Defendant No.2 in Mathura.

(x) It is stated that sometime in April 2014, the Plaintiff learnt of the Defendants' activities that were infringing of the Plaintiff's trademark YAHOO. The Defendants were stated to be dealing in products bearing infringing names YAHOO MASALA CHAKRA and YAHOO TOMATO TANGY in relation to their snack foods like chips, wafers, namkeens etc.

(xi) The Plaintiff thereafter engaged an independent investigator to conduct a detailed investigation into the activities of the Defendants. The investigation revealed 2014 that:

(a) AFPL is a company which is approximately 12 years old.

(b) Its Managing Director is Mr. Dinesh Patel (Defendant No.1).

(c) Its main brands are Everest and eVITA.

(d) AFPL deals in a product by the name of YAHOO MASALA CHAKRA.

(e) AFPL markets its products in many states across India.

(f) AFPL's factory remains closed on Wednesday.

(g) AFPL does not have a dealer in Delhi and that the Uttar Pradesh dealer delivers the required products of the Defendant to the Investigator at Delhi Address.

(xii) The product catalogue procured by the investigator has been exhibited as Ex. PW-1/20. Likewise the investigation also visited the Defendant No. 3 in Mathura who also gave him a catalogue of the product of AFPL which is exhibited as Ex.PW1/21. The investigator also procured product catalogues listing out the infringing YAHOO MASALA CHAKRA product of AFPL. The investigator further contacted Defendant No. 1 for the purpose of making the said goods available in Delhi who in turn provided the contact details of Defendant No. 3, the Mathura distributor of AFPL. The investigator placed an order with the Defendant No. 3 for some products of AFPL including the infringing YAHOO MASALA CHAKRA product. The products were delivered in two gunny bags, the photographs of which have been placed on record along with the plaint. A certificate was obtained from the Notary Public in whose presence the gunny bags were opened, certifying

the contents of the gunny bags which contained inter alia two cartons of Everest e-Vita Yahoo Masala Chakra. The photographs of the packet of the infringing YAHOO show that AFPL is the manufacturer of the infringing product.

(xiii) The subsequent investigation in the month of April 2015 confirmed the infringing activities of the Defendants 1 and 2. It is also stated that the catalogue downloaded from the erstwhile website www.everestsacks.com and the list of products sent by the Area Sales Manager of AFPL list both the infringing products YAHOO MASALA CHAKRA and YAHOO TOMATO TANGY. Para 41 of the plaint sets out the images of the infringing products of AFPL and the corresponding trademark of the Plaintiff that it infringes.

(xiv) The products of AFPL infringe the Plaintiff's trademark registration number 1361856 which is a multiclass trademark registration, including Classes 29 and 30, which are the relevant classes in the instant case. This registration specifically includes "snack foods, snack mixer, snack bar, pretzels, tortilla chips etc." It is stated that the Defendants 1 and 2 are therefore clearly infringing the Plaintiff's registered trademark YAHOO by using the same in relation to snack foods like chips, wafers and namkeens.

(xv) It is also pointed out that the email address of the Defendant No. 1 as given in his visiting card is apricotfoods@yahoo.com. Similarly the website of AFPL in its 'Contact Us' page also mentions its email address as apricotfoods@yahoo.com. This shows that the Defendants 1 and 2 are aware

of the email service of the Plaintiff and the repute and good will associated with the Plaintiff's Yahoo trademark and have in spite of this knowledge knowingly adopted an identical brand name for their product, to encash upon the goodwill of the Plaintiff's trademark.

(xvi) It is stated that the infringing activities of Defendants 1 and 2 have the potential to dilute, tarnish the reputation and adversely affect the future licensing of the Plaintiff's YAHOO trademark.

(xvii) AFPL was also found operating a website www.everestsacks.com on which it was advertising the aforesaid products. The relevant printouts from the web-archives of the web-pages have been exhibited as PW-1/16. The portions of the product list present on the website which includes the above products and all the product catalogue showing the packaging of the pouches at the cost of Rs.5 per pouch have also been reproduced. It is stated that AFPL has a production capacity of 1.9 million pouches; has a factory area of around 1,70,000 sq. ft. having an area of 20,000 sq. m. and employs around 380 experienced staff of skilled and semi-skilled persons and has around 72 experienced marketing persons. AFPL is stated to have an annual turnover of Rs. 120 crores.

(xviii) Defendant Nos. 1 and 2 are operating a website www.evitafoods.com which hosts contents identical to the contents present on www.everestsacks.com. The printouts of the relevant web pages of the website www.evitafoods.com have been marked Ex.PW-1/17. Again the product list and the printouts of the catalogue have been set out. It is stated

that the infringing product catalogue is also uploaded on a third party website www.indianmart.com the printout of which is Ex.PW-1/19.

7. The report of the Local Commissioner ('LC') appointed by the Court (Ex. PW-1/30) also confirms this position. The LC made an inventory of the infringing goods found in the factory premises of AFPL bearing the YAHOO trademark. The inventory included the following:

- (a) 90 cartons bearing the infringing trademark each containing 144 packets of (total 12960 packets).
- (b) 125 empty cartons bearing the infringing trademark.
- (c) 11 rolls of packaging material each containing 7000 pieces bearing infringing trademark (total 77,000)
- (d) 1 roll of packaging material containing 3,000 pieces bearing the infringing trademark.
- (e) 1 roll of packaging material containing 1000 pieces bearing the infringing trademark.

8. The LC's report also includes copy of the item register pertaining to the sale of the infringing product YAHOO CHAKRA by AFPL for the financial year ('FY') 2014-2015, which showed that the AFPL had sold 22,441 units/cartons. It is stated in the affidavit that the Defendants 1 and 2 continued to use the Yahoo name and mark in their products despite

knowing that it amounts to infringement of Plaintiff's right in its well known trademark Yahoo.

9. The affidavit of PW-1 further states that Yahoo is a well-known trademark (defined under Section 2(1) (zg) in the Trade Marks Act, 1999). The facts set out in the affidavit of PW-1 supported by voluminous documentation establish that the Defendants 1 and 2 are involved in large scale infringing activities involving the trademark of the Plaintiff.

10. It has been proved by the Plaintiff that its registered trademark has been used by the Defendants 1 and 2 as a prominent part of the name of their product and such use of the Yahoo trademark is a violation of the Plaintiff's trademark and amounts to infringement and passing off of the Yahoo trademark and other Yahoo formative trademarks of the Plaintiff.

11. The Plaintiff has also been able to prove that Defendants 1 and 2 have adopted the Plaintiff's trademark as the name of their product in order to piggyback on the reputation of the Plaintiff and the Plaintiff's trademark and that such adoption of the trademark Yahoo for AFPL's snack items is undoubtedly dishonest. AFPL has by using the mark Yahoo as a name of one of its products taken an unfair advantage of the Plaintiff's trademark and that this use is detrimental to the distinctive character and repute of the Plaintiff's well known trademark. The continuous infringement by the Defendants 1 and 2 of the Plaintiff's well known trademark has the potential of diluting the trademark Yahoo and tarnishing the reputation attached to the said trademark. It is bound to cause confusion amongst the public, causing

them to believe that AFPL is associated with the Plaintiff, which is not.

12. The Plaintiff has also been able to establish the estimate of the damages suffered by it. The computation of the said damage as stated in the affidavit of PW-1, is as under:

“Even if one very conservatively estimates that the Defendants’ margin of profits from the above sale proceeds to be least a 10%, the illegal and unfair profits earned by the Defendants from the sale of products bearing the infringing name would amount to Rs.32,00,000.”

13. From the report of the LC, it is shown that during the FY 2014-15, AFPL sold 22,441 units/cartons of YAHOO CHAKRA product, each carton contain 144 packets of costs of Rs.5 each. The sale proceeds, therefore earned by AFPL for the year 2013-14 is approximately Rs. 1.6 crores. On that basis, it is estimated that the sale in the FY 2015-16 was to the same extent. Therefore the total sale in the two years during which the infringement continued would be around Rs. 3.2 crores.

14. The Plaintiff has estimated that the profit margin of AFPL would be at least 10% and therefore works out to Rs.32 lakhs. It has also been stated on affidavit that the Plaintiff has incurred a total costs of Rs. 6,44,000 on the litigation. This remains uncontroverted.

15. In the result the Court issues

(i) a decree of permanent injunction restraining the Defendant Nos. 1 and 2, their principal officers, servants and agents, group/sister concerns/companies

from manufacturing, selling, offering for sale, distributing products or offering services, advertising including on the internet, and in any other manner using the Yahoo trademark or any other deceptively similar mark as part of their product name etc. amounting to infringement of the Plaintiff's registered trademarks as enlisted in Annexure A of the plaint, specifically Plaintiff's trademark registration No. 1361856 in Classes 29 and 30

(ii) a decree of permanent injunction restraining the Defendants 1 and 2, their partners or proprietors as the case may be, their principal officers, servants and agents from passing off their products as that of Plaintiff;

(iii) a decree in favour of the Plaintiff and against Defendants 1 and 2 in the sum of Rs. 32,00,000 towards damages

(iv) a decree in the sum of Rs. 6,44,000 in favour of the Plaintiff and against Defendants 1 and 2 towards costs incurred by the Plaintiff

16. The decree sheet be drawn up accordingly.

S. MURALIDHAR, J

SEPTEMBER 01, 2016

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