

IN THE HIGH COURT OF DELHI AT NEW DELHI

SUBJECT : SUIT FOR PERMANENT INJUCTION

CS(OS)NO.1313/2005 & IA7387/2005

Date of decision: January 10, 2007.

INFOSYS TECHNOLOGIES LTD

.....Plaintiff
Through: Mr.Manmohan Singh,
Advocate

VERSUS

PARK INFOSYS & ORS

... Defendant
Through: Nemo.

GITA MITTAL, J.

1. The plaintiff has filed the present suit seeking the reliefs for permanent injunction against the defendant from infringement of its registered trademark in the expression 'Infosys' and from passing off the goods of the defendants as if they were those of the plaintiffs and an order of delivery up of the infringing material by the defendants as well as a claim for damages to the tune of Rs.20 lakhs and an order for rendition of accounts of profits illegally earned by the defendants. On 28th September, 2005 an ex-parte injunction was granted in favour of the plaintiff and against the defendants prohibiting defendant No.1, its assigns, employees, servants, dealers, retailers and all persons acting on their behalf from using "Infosys" as a part of their trade name or corporate name, either with or without any prefix or suffix which amounts to infringement of the plaintiffs' trademark.

2. Summons were directed to be issued for service of the defendants in the suits. Summons sent through registered covers by the Registry to defendant nos. 1, 3, 4 & 5 for hearing fixed on 22nd February, 2006 were returned with the reports of refusal of service while defendant nos. 2, 3 and 4 were served with the summons by ordinary process. In these circumstances, the defendants were proceeded against ex-parte by an order of this Court passed on 18th April, 2006 and the plaintiff was required to file its ex-parte evidence by way of affidavit.

3. The plaintiff has filed its evidence by way of an affidavit of Shri Parveen Biswas, a constituted attorney of the plaintiff. In this view of the matter, for the purposes of adjudication on the present case, only the facts averred by the plaintiff in the plaint and proved by way of affidavit by way of evidence are required to be considered.

4. The facts established on record show that the plaintiff was incorporated as a Company under the Companies Act, 1956 on 2nd July, 1981 as 'Infosys Consultants Pvt.Ltd.' in the State of Maharashtra. The plaintiff shifted its base to Karnataka in the year 1992 and changed its claim to 'Infosys Technologies Pvt.Ltd.' on 21st April, 1992. Subsequently, the name was further changed to Infosys Technologies Ltd. on 2nd of June, 1992 when the plaintiff became a public company. The expression 'Infosys' at all material times was and still is the key, essential prominent and principal part of the corporate and trade name of the plaintiff since its inception in the year 1981.

5. Shri Parveen Biswas, who has signed and verified the plaint and instituted the present suit has been authorised by a resolution of the Plaintiff-Company.

6. The expression "Infosys" as a trademark/service mark has been proved to have been registered by the plaintiff in various classes in over 20 countries. In India, the trademark has been registered towards various categories of goods since 15th July, 1987, which include computer stationery, computer manuals, printed matter for computer instructions, teaching material, computer hardware, computer inter faces, peripherals, electronic telex interfaces, computer software, stationery, manuals, brochures, printed matters, instructional and teaching material. It also has registrations for computer hardware, data modules, motion control devices, warehouse management systems, customers service management systems as used in banks, automatic teller machines, computerised interactive machines, all being goods in class O-9. Besides this, the plaintiff has registrations of the trademark from different dates in the year 1999 in various goods in Classes 2, 3, 6, 9, 12, 14, 15, 16, 17, 19, 20, 23, 24, 27, 28, 29, 31, 32, 33 of the Trademark Act.

7. The plaintiff has also proved the validity of the registrations which are stated to have been renewed from time to time and are subsisting and in force in favour of the plaintiff even at present.

8. The expression 'Infosys' was coined by the plaintiff so as to distinguish its business, trade identity and goods/services from others. Extensive use of this expression has been made since inception and because of its inherent distinguishable ability and extensive use, undoubtedly the same has become distinctive of the plaintiff in the eyes of the consumers as also the trade and industry, in India and abroad. The plaintiff, though headquartered in Bangalore, has operations in different parts of the world. It has 33 state of the art development centres located all over the world. In India the plaintiff has development centres in Bangalore, Pune, Bhvneshwar, Chennai, Hyderabad, Mysore, Mangalore and Tiruananthapuram while it has proximity development centres in the United States and United Kingdom. The plaintiff is mainly engaged in the business of IT services, IT solutions, consulting and business process management. For this purpose, its activities include designing enterprises, architecture enterprise data and information security, software production development, customerised software development etc. The plaintiff offers its services and solutions across different industry segments, which, inter alia, include the banking capital market, insurance healthcare, life sciences, automobiles, aerospace resource energies and utilities, discrete manufacturing communication service providers etc. The success of the plaintiff is indicated by its listing in the leading bourses of the country as well as the Nasdack, the US Stock Exchange for technology driven companies.

9. The plaintiff has adequately established on record that the expression 'infosys' due to substantial continued, extensive and open use since 1981 i.e. for over two decades, combined with

the quality of goods/services offered under this trademark and name that by extensive sales promotional efforts has become distinctive of the plaintiff in the eyes of the consumers. The plaintiff also acquired the exclusive right to use the trademark 'Infosys' by virtue of the abovenoticed registrations under the provisions of the Trade and Merchandise Marks Act, 1958 and the corresponding provisions of the Trademarks Act, 1999.

10. This trademark and name, because of the wide spread use and association with quality products and services emanating from the plaintiff, has acquired a high degree of selling power thereby becoming a target for commercial infringers intending to create on the goodwill and reputation connected with the mark for their own benefit, by deceiving consumers as regards the source and origin of the goods and services. The plaintiff has also established that it has made applications for registration of the mark 'Infosys' in various service classes including classes 35, 37, 38 and 42 under the Trademarks Act, 1999.

11. Several steps have been necessitated to protect the exclusivity of the mark 'Infosys' by the plaintiff, which has issued caution notices over the years in newspapers and journals having wide circulation including the Business Line, Business World, Business Today, Economic Times, TC Quest, Data Quest, Spazat, India Today, Outlook, Business Standard, Jetwings and Economic Times. These notices have been published over the years including in 1996, 1999, 2000 and 2004. Undoubtedly, the plaintiff has taken an active interest in protecting its intellectual property rights in the trademark/service mark 'Infosys'.

12. The plaintiff has also established that it has made expenditure to the tune of Rs.392.12 crores towards sales promotional marketing expenses and brand building expenses in the fiscal year 2004-05 alone and that it has established an enviable reputation and goodwill in the market not only nationally but on an international level as well. The consumers invariably associate the mark 'Infosys' to that of the plaintiff's goods and services and the same is associated with the trade identity of the plaintiff which has made the mark distinctive of the plaintiff in the eyes of the consumers in India and globally.

14. In or around September, 2004, the plaintiff discovered that the defendants were using 'Infosys' as a prominent part of their business name/tradename and domain name. They were running a computer training institute for students, in the name and style of 'Park College and Engineering Technology' and were involved in the business of, inter alia, data processing and data conversion work/ commercial venture.

15. The defendant No.1-M/s. Park Infosys is a data conversion/data processing division/centre engaged in the business of imparting computer education to engineer students in this institution and is in a business similar to that of the plaintiff. The defendants No.2, 3, 4 & 5 are the Managing Committee Members of the defendant No.1. The products and services of the defendants relate to computer related products and services and are directly relatable to the plaintiff's business.

16. In this view of the matter, the plaintiff immediately caused a legal notice to be issued through its trademark attorney M/s.D.P.Ahuja & Company on the 15th October, 2004 requiring the defendants to cease and desist from all and any further use, anywhere and in any manner whatsoever of the trademark/trade identity 'Infosys' or any other deceptively similar mark. In their

reply dated 3rd November, 2004, the defendants submitted that they have prefixed 'Infosys' to the name 'Park' in computer related matters and hence they have not in any way infringed the rights of the plaintiff. The plaintiff again issued a final legal notice to the defendants on 16th December, 2004, of course, denying the contentions of the defendants and reiterating its requisition as contained in the earlier notice of 15th October, 2004.

17. As the defendants failed to respond to this notice, the plaintiff was of the impression that it had abided by the notice demand. However, in a survey conducted in June, 2005 by the plaintiff, it found that defendants were still using the expression 'Infosys' as a prominent part of their tradename and business address and thereby continued to derive benefit from the plaintiff's goodwill and reputation. Since the defendants had refused to seize and desist from the use of the expression 'Infosys', the present suit has been filed seeking the aforementioned relief. No written statement has been filed and the assertions of the plaintiff have remained unrebutted and undisputed on record. The plaintiff has established that consumers and traders associate the mark 'Infosys' with the business/goods/services of the plaintiff and none else. By their action in using the trade mark 'infosys' on their goods and services as a part of their trademark and corporate name, the defendants have caused confusion and deception in the market amongst the trade and public at large to the effect that the goods and services of the defendants originate from or have a trade connection, approval or association with the plaintiff. This action is certainly a misrepresentation which would constitute the tort of passing of the goods/business of the defendants as those of the plaintiffs.

18. The plaintiff has established that it has proprietary rights in the trademark by virtue of the registrations thereof in accordance with law in its favour.

19. By virtue of Sections 27 & 28 of the Trademarks Act, 1999, the registered proprietor of a registered trademark gets the exclusive right to use the same in relation to the goods for which it is registered. (Re: AIR 1971 SC 898 at 903 National Bell Co. Vs. Metal Goods Manufacturing Co., AIR 1986 SC 137 at 155 American Home Products Vs. Mac Laboratories)

20. It enables the proprietor to file a suit for infringement of this right and obtain injunction, damages and other rights against an infringer. (Re.: AIR 1965 SC 980 at 989 Durga Dutt Sharma Vs. N.P. Laboratories; AIR 1991 Del 22 Avis International Vs. Avi Footwear; AIR 1986 Delhi 345 Tata Oil Mills Vs. Wipro Ltd.)

21. The defendants have deliberately and with malafide intentions used the trademark/name 'Infosys' to trade upon the goodwill and reputation of the plaintiff. The adoption by the defendants of the mark 'Infosys' as part of their trade name/business name/trading style and as a trademark/domain name/Email address has been done with a view to deceive the public at large so as to misappropriate the reputation and goodwill of the plaintiff. The mark and name adopted by the defendants is phonetically, visually and structurally similar to that of the plaintiff. The defendants have blatantly and dishonestly committed acts of infringement of the registered trademarks of the plaintiff.

22. The plaintiff has also established and proved on record the various steps taken by it against other persons who were so infringing its proprietary rights and passing of the goods as those of the

plaintiffs. The plaintiff has successfully filed service, legal actions and orders and prohibitory orders of restraint have been passed against several persons who have conducted themselves as the defendants in the instant case.

23. It now becomes necessary to examine the relief to which the plaintiff may be entitled. In a case similar to the instant case, M/s.Intel Corporation had filed CS(OS) 1333/2005 in this Court. In the judgment entitled Intel Corporation Vs. Dinakarn Nayyar and Ors rendered on 24th April, 2006, the Court noticed that the plaintiff was aggrieved by the use of a deceptively similar trademark to its trademark 'Intel' by the defendant. The defendant was using the trademark 'ArtIntel'. The plaintiff claimed to have carried out pioneering work in computer technology and have been using 'Intel' as its corporate name and as name of its product since 1968. Their trademark was also registered in India for various classes of computers. The Court held that though the word 'Art Intel' is one word, while pronouncing, it gets spoken up into two parts i.e. 'Art' & 'Intel'. The mark 'Intel' of the plaintiff is well known and the obvious use of word 'Intel' by the defendant was with the object of deceiving the public that it has some connection with the mark of the plaintiff 'Intel' and to take advantage of the goodwill and reputation of the plaintiff. The Court also noticed that the chances of such deception increase when the product range is the same or similar. In this view of the matter, the Court held that the plaintiff was entitled to a decree of permanent prohibitory injunction and delivery up.

24. In AIR 2002 SC 275 Lakshmikant V Patel Vs. Chetan Bhat Shah, the business was being carried out under the name Mukta Jiwan Colur Lab. The abbreviation QSS (Quick Service Station) was added as a prefix. It was held that the same did not make any difference to the tradename as 'QSS' was merely an adjective – pre-fix to the tradename.

25. In the case of AIR 1974 Delhi 12 Kedar Nath Vs. M.P., the prefix Vijay was added to the trademark "Sudarshan Dhoop". The Court found the prefix to be inconspicuous and held that the use of the same with prefix would cause deception to the unwary purchaser.

26. In the instant case, the plaintiff has established that the defendants are using 'Infosys' as a prominent part of their business and tradename. They have only pre-fixed 'Infosys' with the word 'Park'.

27. The trade mark 'Infosys' is certainly associated distinctively with the business and trade of the plaintiff. The pre-fix by the defendant of the word 'Park' before the trademark 'Infosys' is certainly of no significance in as much as the word 'Infosys' is distinctive of the business and trade of the plaintiff. There can be no manner of doubt that use by the defendant is likely to result in confusion and the same has propensity of diverting customers and business of the plaintiff to the defendant. It is well settled that honesty and fairplay are required to be the basic policies in business and trading and no person has any right to carry on his business in such a way as would lead the public into believing that the goods or services belonging to someone else are his or associated therewith. The service range of the defendant is also similar to that of the plaintiff. In this view of the matter, I am of the considered view that the plaintiff is entitled to a decree for injunction as prayed for.

28. It is an undisputed fact that the plaintiff is the registered proprietor of the trade mark 'Infosys' which is duly registered in India bearing Nos.484837, 475267 and 475269. The plaintiff has exclusive rights in this trade mark. The defendant is clearly guilty of infringement of the trademark of the plaintiff and it is not entitled to use the same either as a trade mark or as a tradename or as a part thereof.

29. The plaintiff in the present case has also prayed for damages to the extent of Rs.20,00,000/-.

30. In the affidavit which has been filed before this Court by Shri Parveen Biswas, in support of the plaintiff, it is submitted that the profits earned by the defendants by misappropriating the goodwill and reputation as well as on account of business divergence are the loss suffered by the plaintiff. It is submitted that the plaintiff has no access to the accounts of the defendants and thus it is not possible to assess the profits made by the defendants. A prayer is thus made for damages to be awarded against the defendants in favour of the plaintiff.

31. Shri Parveen Biswas in para 12.1 of his affidavit has given details of both the worldwide revenue earned and the expenses incurred by the plaintiff on advertisements and promotional activities. In the last 10 fiscal years, the plaintiff has earned a worldwide revenue from Rs.28.9 crores in 1993 to Rs.6859.66 Crores between 2004-2005. During this period the expenditure on advertisement and promotional activities of the plaintiff has gone up from Rs.22.66 lacs in 1993-94 to Rs.3,91212.00 lakhs between 2004-05.

32. Undoubtedly, assessment of damages has to be based on cogent evidence which is placed on record. The most material evidence which would enable a court to arrive at a fair assessment of the gains which have accrued to a defendant by the acts complained of, would be a true and fair rendition of accounts by a defendant who is engaged in the acts of infringement. However, a defendant who is indulging in such illegal activity would obviously not maintain correct accounts and in any case would not place the material in respect thereof before the court. Therefore, it is left to the court to ascertain the probable level of sales of the defendant by other modes.

33. Various indices have been utilised by the courts in assessing the extent of sales of the defendant.

34. Reference can usefully be made to another pronouncement of this Court in 118 (2005) DLT 580 entitled Microsoft Corporation Vs. Yogesh Popat and Another. In a suit by the plaintiff praying for a decree of prohibitory injunction, an order for delivery up to the plaintiff of the counterfeit/unlicenced copies of the plaintiff's software and other infringing material and for an order for rendition of accounts of profits illegally earned by the defendant by reasons of infringement of plaintiff's copyright including compensatory damages and a decree in the sum of the amount so ascertained, the Court has to consider the evidence led by the plaintiff. The defendant had opted to remain ex-parte and did not contest the suit. The Court noticed that the evidence on record established hard disc piracy by the defendants who were pirating software of the plaintiff and loading the same on the hard disc of computers sold by them without permission from the plaintiffs. Based on the popularity of the computer software of the plaintiff, the Court adopted an assumptive process whereby it based financial loss to the plaintiff on assumption of sale of 100 computers each year, which were loaded with pirated software. On such assumption, the

Court arrived at a computation of loss of profits in the sum of Rs.19.75 lacs. In this background, the Court decreed the suit in terms of the prayers in the plaint and awarded compensation/damages against the defendants in the sum of Rs.19.75 lacs with interest @ 9% per annum from the date of decree till payment.

35. There are certain cases as the present where even this material is not available inasmuch as the defendant is not actually selling goods. The present case is one such matter. The plaintiff has not placed any document evidencing the sale of any item by the defendant nor is there any record of the fees or charges which the defendant is charging for the services being provided while carrying on its business activities under the name complained of in the present cases. Even such instances have been the matter of adjudication by courts. In these cases, the courts have arrived at an assessment of probable losses which may have ensued to the plaintiff by an assessment of the sales figures of the plaintiff. In such cases, the courts have relied upon the sales figure of the plaintiff which were established on record.

36. In this behalf, reference can be made to the decision in CS (OS) No. 1385/2005 entitled The Heels Vs. V.K. Abrol & Anr., reported at the plaintiff had claimed damages for a sum of Rs.21 lacs on grounds of infringement of trade mark by the defendant. The defendant opted to stay away from the proceedings. In these circumstances, the Court noticed thus :-

“11. This court has taken a view that where a defendant deliberately stays away from the proceedings with the result that an enquiry into the accounts of the defendant for determination of damages cannot take place, the plaintiff cannot be deprived of the claim for damages as that would amount to a premium on the conduct of such defendant. The result would be that parties who appear before the court and contest the matter would be liable to damages while the parties who choose to stay away from the court after having infringed the right of the plaintiff, would go scotfree. This position cannot be acceptable.

12. No doubt it is not possible to give an exact figure of damages on the basis of actual loss, but certain token amounts on the basis of the sales of the plaintiff can certainly be made. The plaintiff is unnecessarily dragged into litigation and the defendants must bear consequences thereof. In fact in such a case both compensatory and punitive damages ought to be granted apart from the costs incurred by the plaintiff on such litigation. In view of the given sales figure of the plaintiff, I consider it appropriate to grant a decree of damages in favour of the plaintiff and against the defendants for a sum of Rs 3 lakh apart from costs of the suit.”

Thus the Court has awarded damages in favour of the plaintiff based on the sales of the plaintiff.

37. In the judgment dated 8th May, 2006 rendered in CS(OS) 1528/2003 entitled M/s Hindustan Pencils Ltd. Vs. Aparna Enamel Industries reported at 2006 (131) DLT 65, the plaintiff had filed a suit for permanent injunction as well as damages against the defendant on allegations of infringement of its trade mark and copyright as well as deceptive passing off by the defendant in respect of the plaintiff's trademarks 'Natraj' and 'Apsara'. Defendants were only seeking to make a difference by spelling 'Nataraj' as spelt by the plaintiff as 'Natraj'. The Court on consideration of the matter passed a decree of permanent injunction prohibiting the defendant from using the offending trademarks 'Natraj' and 'Apsara'.

38. So far as damages are concerned, the defendant had stayed away from the judicial proceedings and consequently enquiry into the accounts of the defendant for determination of damages could not take place. The Court held that if this was to follow as a result of the defendants remaining ex-parte, it would amount to “a premium on the conduct of such defendant”. The observations of the Court on the aspect of damages are pertinent and read thus :-

“11. The last aspect to be considered is the question of damages. This Court has already taken a view in Hero Honda Motors Ltd. Vs. Shree Assuramji Scooters, 125 (2005) DLT 504, that even if the defendant stays away from the judicial proceedings, the plaintiff cannot be deprived of the claim for damages. This is so since the result of the defendant staying away from the judicial proceedings is that any inquiry into the accounts of the defendant for determination of damages cannot take place and a view to the contrary would amount to a premium on the conduct of such defendant. The result would be that parties who appear before the Court and contest the matter would be liable to damages while parties who choose to stay away from the Court after having infringed the right of the plaintiff would go scot-free. This position cannot be acceptable. No doubt it is not possible to give an exact figure of damages on the basis of actual loss, but certain token amounts on the basis of sales of the plaintiff can certainly be assessed. The plaintiff has unnecessarily been dragged into litigation and the defendant must bear the consequences thereof. I am of the considered view that taking into consideration the facts and circumstances of the case, the plaintiff is also entitled for a decree of damages against the defendants for a sum of Rs. 1 lakh apart from the costs of the suit. Decree sheet be drawn up accordingly.”

Courts have also been of the view in the face of their being inadequate material on record, however, notional damages deserve to be awarded, bearing in mind the flagrancy of the infringement by the defendant.

39. The defendants have been in this business in any case since September, 2004.

40. In this behalf, the plaintiff has proved on record as Exhibit P-5, the reply received from the Advocate of the defendant which is dated 3rd November, 2004 in which the defendants have admitted that they are doing computer related services under the name and style of 'Park Infosys' for the past several years. In computer related matters, the defendants have prefixed 'Infosys' with the word 'Park' even as per the Exhibit P-5. The defendants have opted not to contest the suit despite service of summons.

41. In an action for infringement of trademark, the profits made by the defendant cannot always be the true criterion of the damages awardable to the plaintiff as the defendant's gain may not always be proportionate to the plaintiff's loss. However, it is trite that the plaintiff's loss or the defendant's gain will not be assumed in the absence of proof. The plaintiff is required to prove some distinct damage from the infringement of his trademark by defendant. The effect of the infringing acts of the defendant may be evidenced by diminishing of the quantum of goods sold by the plaintiff for the reason that the defendant took away the plaintiff's customers. The defendant may also impact the plaintiff's customers. The defendant may also impact the plaintiff's business by causing him to sell its products at a lower price. In either event, there would be a reduction in either the total volume of the plaintiff's business or lowering in the percentage increase of business as compared to the previous years. Thus the measure of damage suffered by the plaintiff is to be

found by an assessment of the profits the plaintiff would have made if the offending article had not been introduced by the defendant in the market or if the defendant had not undertaken the illegal activities complained of by the plaintiff. Accordingly, the plaintiff is held to be entitled to the decree of injunction as well as an order for delivery up forthwith of all goods and stationery bearing the trademark or capable of reproducing the trade mark. These facts have to be proved by the evidence on record either relating to the business of the defendants or which could be assessed from a decline in the business of the plaintiff on account of the activities of the defendant which could be gathered from the figures of sales over the period of time during which the plaintiff has continued with the activities complained of and an assertion of such loss by the plaintiff in its evidence.

42. Upon a consideration of the plaint and the affidavit by way of the evidence filed before this court, I find that the plaintiff has failed to prove either the profits derived by the defendant from its illegal activities or such sales record to establish the loss which has resulted to the plaintiff by establishing a decline in the value of its business or a fall in the percentage increase in the business as compared to preceding years. The only material which has been placed by the plaintiff on record is the value of its international sales over different years. Bald figures without even an assertion of loss or diminution in business and without any submission in this behalf do not establish the essential features noticed above which would have entitled the plaintiff to damages. Therefore, while holding that the defendants cannot be permitted to continue with its illegal activities, however, I find that no award of damages can be made in favour of the plaintiff.

43. I, therefore, hereby pass a decree for permanent prohibitory injunction restraining the defendants, their assigns, dealers, retailers etc. from manufacturing, marketing, advertising directly or indirectly or dealing in goods/services using as a trademark or as part of trademark or domain name or otherwise trading under the mark or trade name 'Infosys' or any other mark or name deceptively similar thereto where the expression 'infosys' is used by itself or as a part of any other mark/name, or doing any act whereby it would infringe on the rights of the plaintiff under the registered trademarks bearing nos.475267 and 484837.

I further pass a decree in favour of the plaintiff and against the defendants ordering the defendants for delivering up of all goods, stationery including letter heads, dyes, blocs, or any other articles bearing the impugned trademark 'Infosys' by itself or as part of any other mark or name or capable of reproducing the same to the plaintiff who shall destroy the same.

The plaintiff would be entitled to costs of the present suit which are quantified at Rs.50,000/-.

Sd./-
GITA MITTAL,J

January 10, 2007