

Subject: Law

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Paper : Intellectual Property

Module : Trade Mark Law: Civil and Criminal Remedies



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Module Detail	
Subject name	Law
Paper name	Intellectual Property
Module name/ Title	<i>Trade Mark Law: Civil and Criminal Remedies</i>
Module Id	Law/IP/#41
Pre- requisites	<ol style="list-style-type: none"><li>1. A deep understanding to trademarks law.</li><li>2. Remedies relevant to the trademarks law.</li></ol>
Objectives	<ol style="list-style-type: none"><li>1. To study the Civil and Criminal Remedies available against infringement of trademarks.</li><li>2. To study in detail the relevance of criminal remedies specific to trademarks.</li><li>3. To understand the concept of Anton Piller orders.</li><li>4. To evaluate the concept of Mareva injunctions.</li><li>5. To study the civil procedures in context of trademark infringement.</li></ol>
Key words	Trademarks law, civil & criminal remedies, Anton Piller order, mareva injunction, interim relief, civil procedures.





### Introduction:

Now that you are broadly aware of the nature of reliefs granted in intellectual property matters, we will examine reliefs that may be granted in Trademark disputes. The Trade Marks Act, 1999 recognizes both civil and criminal remedies. In this module, we will analyze interim and permanent relief commonly sought and/or granted while enforcing trademark rights.

### Learning Outcome:

1. To understand the need for civil and criminal remedies for safeguarding the interests of the consumer as well as the owners of the trademarks.
2. To acknowledge the various reliefs available to the owners of the trademark such as damages and injunctions.
3. To understand the concept of Anton Piller order and the Mareva injunction concept.
4. To prodigally examine the various concepts of remedies through case laws.

### *Civil remedies*

In a suit for trademark infringement and/ or passing off, the right holder looks at both the end game, i.e. permanent relief granted at the end of the suit, and relief to protect interest while the suit lasts, i.e. interim relief.


Section 135 of the Trade Marks Act, 1999 provides a non exhaustive list of reliefs for trade mark infringement and passing off which include:


- a. An injunction (subject to such terms, if any, as the court thinks fit) and
- b. Damages or
- c. Account of profits
- d. Delivery-up
- e. Ex parte injunction or any interlocutory order for:
  - for discovery of documents;
  - preserving of infringing goods, documents or other evidence which are related to the subject-matter of the suit;



- restraining the defendant from disposing of or dealing with his assets in a manner which may adversely affect plaintiff's ability to recover damages, costs or other pecuniary remedies which may be finally awarded to the plaintiff.

Let's examine the above reliefs with the help of an example:

Nike files a suit for trademark infringement and passing off against M Brands Ltd. for its swoosh  which is also a registered trade mark in India.

Nike believes that M Brands is selling counterfeit Nike shoes with the mark   
What relief do you think is Nike looking to get in this action?

### ***1.A. Permanent relief***

Permanent relief is granted by a court at the disposal of the suit as opposed to interim relief, which is granted for the duration of the suit. We will discuss interim relief in a later section of this module.

### **1. Injunction**

An injunction is an order directing a party to do an act or to refrain from doing an act. An injunction order that directs a party to refrain from doing something is known as a prohibitory injunction while an order directing a party to do something is known as a mandatory injunction.

In our example, Nike is looking to stop unauthorized use of its mark. A prohibitory injunction will aid Nike to get this result. Prohibitory injunctions are usually granted in cases where the act complained of is continuous or recurring.

Injunctions granted by courts are subject to the Specific Relief Act, 1963 including limitations therein.<sup>1</sup>

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<sup>1</sup> Sections 36 to 42, Specific Relief Act, 1963



## 2. Damages

Nike may also be entitled to damages suffered by it due to the acts of the defendant in this action. Usually, damages are classified as compensatory and punitive damages.

### a. Compensatory damages:

Compensatory damages are awarded to make the plaintiff whole – as held by the Delhi High Court in *Time v. Lokesh Srivastava & Anr.* (Time)<sup>2</sup>, the award of compensatory damages to a plaintiff is aimed at compensating him for the loss suffered by him. In this case, the Defendant was wrongfully using Time magazine's trademarks Time, Time Asia and the 'Red border'<sup>3</sup>. Let's refer to our example. Compensatory damages may be calculated on the basis of Nike's loss due to M Brand's infringing acts; M Brand's profits attributable to said acts or a reasonable royalty that Nike would be entitled to had M Brands taken a license from Nike for the trademark.

Remember, while calculating damages, income or loss attributable to the infringing acts needs to be taken into account and not income or loss attributable to other factors.

### b. Punitive damages

In *Time*, the Delhi High Court held as follows:

*Coming to the claim of Rs. 5 lacs as punitive and exemplary damages for the flagrant infringement of the plaintiff's trade mark, this Court is of the considered view that a distinction has to be drawn between compensatory damages and punitive damages. The award of compensatory damages to a plaintiff is aimed at compensating him for the loss suffered by him whereas punitive damages are aimed at deterring a wrong doer and the like minded from indulging in such unlawful activities. Whenever an action has criminal propensity also the punitive damages are clearly called for so that the tendency to violate the laws and infringe the rights of others with a view to make money is curbed. The punitive damages are founded on the philosophy of corrective*

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<sup>2</sup> 2005 (30) PTC 3



<sup>3</sup> This red border may be familiar to you





*justice ad as such, in appropriate cases these must be awarded to give a signal to the wrong doers that law does not take a breach merely as a matter between rival parties but feels concerned about those also who are not party to the list but suffer on account of the breach. In the case in hand itself, it is not only the plaintiff, who has suffered on account of the infringement of its trade mark and Magazine design but a large number of readers of the defendants' Magazine 'TIME ASIA SANSKARAN' also have suffered by purchasing the defendants' Magazines under an impression that the same are from the reputed publishing house of the plaintiff company. 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, 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.... 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 flee bite and quantum thereof should depend upon the flagrancy of infringement.*

The court also referred to the decision of *Mathias v. Accor Economy Lodging, Inc.* 347 F.3d 672 (7th Cir. 2003) and stated:

*...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.*

Similar views on awarding punitive damages are resonated in the recent decision of the Delhi High Court in *Atlantic Industries & Ors. v. Simron Food Processors (P) Ltd.*<sup>4</sup>

### **3. Exceptions to award of damages**

Section 135 (3), Trade Marks Act provides the following exceptions to award of damages:

- a. where in a suit for infringement of a trade mark, the infringement complained of is in relation to a certification trade mark or collective mark; or
- b. where in a suit for infringement the defendant satisfies the court—
  - that at the time he commenced to use the trade mark complained of in the suit, he was unaware and had no reasonable ground for believing that the trade mark of the plaintiff was on the register or that the plaintiff was a registered user using by way of permitted use; and
  - that when he became aware of the existence and nature of the plaintiff's right in the trade mark, he forthwith ceased to use the trade mark in relation to goods or services in respect of which it was registered; or
- c. where in a suit for passing off, the defendant satisfies the court—
  - that at the time he commenced to use the trade mark complained of in the suit he was unaware and had no reasonable ground for believing that the trade mark of the plaintiff was in use; and
  - that when he became aware of the existence and nature of the plaintiff's trade mark he forthwith ceased to use the trade mark complained of.

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<sup>4</sup>Order dated 26.05.2014 in CS (OS) 2185 of 2011.



#### **4. Accounts of profit**

As already discussed in the above section on compensatory damages, the Trade Marks Act also provides for rendition of accounts, i.e. compensation to the Plaintiff which is equivalent to the defendant's profits from the infringing act and/or passing off.

#### **4. Election between damages and accounts of profit**

There may be a complete overlap between the plaintiff's loss and the defendant's profits from the infringing acts. For this reason, the Trade Marks Act in Section 135 makes the right holder elect between the relief of damages and rendition of accounts. However, it is possible that in some cases, the loss to the plaintiff, such as loss to its reputation, may not reflect in the defendant's accounts as its profits. Further, where the plaintiff is incapable of increasing its production to cater to the defendant's clientele in case the defendant is enjoined by a court is another example where the plaintiff's loss is not equal to the defendant's gain from the infringing act. Punitive damages may come to the aid of the plaintiff in such cases.

#### **5. Presumption against Defendants that evade proceedings**

In Microsoft Corporation Vs. RajendraPawar&Anr.<sup>5</sup> it was held that:

*“Perhaps it has now become a trend of sorts, especially in matters pertaining to passing off, for the defending party to evade court proceedings in a systematic attempt to jettison the relief sought by the plaintiff. Such flagrancy of the Defendant's conduct is strictly deprecatory, and those who recklessly indulge in such shenanigans must do so at their peril, for it is now an inherited wisdom that evasion of court proceedings does not de facto tantamount to escape from liability. Judicial process has its own way of bringing to tasks such erring parties whilst at the same time ensuring that the aggrieved party who has knocked the doors of the court in anticipation of justice is afforded with adequate relief, both in law and in equity. It is here that the concept of awarding punitive damages comes into perspective.”*

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<sup>5</sup> 2008 (36) PTC 697 (Del.)





Courts are increasingly awarding damages, both compensatory and punitive, even in cases where the defendants do not enter appearance before the court and are proceeded ex parte.

### **6. Delivery up**

Nike, in our example, may also be entitled to the relief of 'delivery up' which means the M Brands will deliver all infringing goods, including advertising and packaging material in its possession to the court or Nike's representative. Goods handed over by delivery up are usually destroyed under court supervision. In an interesting case, where Luxottica had sued a party for violating its trade mark 'Ray Ban', the Defendant donated 500 pieces of unbranded glasses to the visually disabled.<sup>6</sup>

### **I.B. Interim relief**

In addition to permanent reliefs discussed above, a plaintiff may explore the following types of interim reliefs:

#### **1. Ex parte interim injunction**

An ex parte interim injunction is granted under Order XXXIX Rule 3, Code of Civil Procedure, 1908. It is required for the Judge to record reasons for granting an ex parte injunction.

#### **2. Interim injunction**

An interim injunction may be granted under Order XXXIX Rules 1 and 2, Code of Civil Procedure, 1908. The following three factors need to be considered while granting an interim injunction:<sup>7</sup>

##### **i. Prima facie case**

<sup>6</sup> Order dated June 04, 2010 in Luxottica v. Munny, CS(OS) No. 1846/2009

<sup>7</sup> Gujarat Bottling Co. Ltd. Coca Cola Company & Ors. AIR 1995 SC 2372



Prima facie case means that the Plaintiff should be able to show that it has a strong case against the Defendant at the interim stage, without going to trial. For this purpose, comparable strength of the parties' case may be considered.<sup>8</sup>

- ii. Irreparable harm and injury to the Plaintiff in the absence of the injunction  
The Plaintiff also needs to demonstrate that it will suffer irreparable harm and injury in the absence of an injunction. Reputational harm is commonly cited as irreparable injury in trademark disputes.
- iii. Balance of convenience  
The Plaintiff also needs to show that the absence of an injunction will harm the Plaintiff more than the grant of an injunction would harm the Defendant.

The test for mandatory injunctions is one of strong prima facie case, as opposed to a prima facie case for prohibitory injunctions.

### 3. Anton Piller orders

Under Order XXVI, Rules 9 and 10, Code of Civil Procedure, 1908 a court may appoint a Local Commissioner to execute a search and seizure order at the Defendant's premises. Such orders trace their origin to the English case *Anton Piller KG v Manufacturing Processes Limited* and are usually referred to as Anton Piller orders. Such search and seizure orders aid in preserving evidence that may be destroyed by the Defendant in the absence of an order of this nature.

### 4. Mareva injunction

A Mareva injunction is an order that freezes the assets of the Defendant. An illustration of such an injunction is the Delhi High Court's order dated September 29, 2011 in *World Wrestling Entertainment, Inc. v. Vinayak Sondhi & Ors.* CS (OS) 2435 of 2011:

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<sup>8</sup> S.M. Dyechem Ltd. v. Cadbury (India) Ltd. SCC (2000) 5 SCC 573



*“...Learned counsel for the plaintiff submits that having regard to peculiar nature of online bank transactions, which defendant no.1 is making with the use of ICICI Bank Account No.629101508477, defendant no.1 on receipt of injunction order is likely to withdraw the amount deposited in the ICICI Bank with a view to defeat the claim of the plaintiff and whereas the money, which has been deposited by the customer is based on misrepresentation and fraud as defendant no.1 is not an authorized distributor of the plaintiff. Prima facie, I find force in the submission made by counsel for the plaintiff. Accordingly, till the next date of hearing, ICICI Bank is directed to freeze the Bank Account No.629101508477, which is in the name of defendant no.1.”*

#### 5. Discovery of documents:

Discovery of documents or by interrogatories may be sought under Order XI of the Code of Civil Procedure, 1908. A request for discovery is subject to the following considerations:

- a. Relevance of the information sought to the controversy in suit;
- b. Whether the document sought is in power and possession of the non-applicant/respondent;
- c. Whether discovery is necessary at that stage;
- d. Whether discovery is necessary for fair disposal of the case.
- e. Discovery may be general or limited, as deemed fit by the Court.<sup>9</sup>

Discovery may also be sought from parties not impleaded in the suit where such information is necessary for the disposal of the suit.<sup>10</sup>

## **II. Criminal remedies**

Before we go the criminal remedies provided under the Trade Marks Act, let's see a few explanatory provisions of the Act.

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<sup>9</sup>M.L. Sethi v. R.P. Kapoor AIR 1972 SC 2379; M. Sivasamy v. VestergaardFrandsen A/S &Ors (2009) 113 DRJ 820.

<sup>10</sup>Souza Cruz v. N. K. Jain (Hollywood cigarettes case)



Section 101 of the Trademarks Act deems a person as applying a trade mark or mark or trade description to goods or services where he/ she

- (a) applies it to the goods themselves or uses it in relation to services; or
- (b) applies it to any package in or with which the goods are sold, or exposed for sale, or had in possession for sale or for any purpose of trade or manufacture, or
- (c) places, encloses or annexes any goods which are sold, or exposed for sale, or had in possession for sale or for any purpose of trade or manufacture, in or with any package or other thing to which a trade mark or mark or trade description has been applied; or
- (d) uses a trade mark or mark or trade description in any manner reasonably likely to lead to the belief that the goods or services in connection with which it is used are designated or described by that trade mark or mark or trade description; or
- (e) in relation to the goods or services uses a trade mark or trade description in any sign, advertisement, invoice, catalogue, business letter, business paper, price list or other commercial document and goods are delivered or services are rendered to a person in pursuance of a request or order made by reference to the trade mark or trade description as so used.

Further, a trade mark or mark or trade description is deemed to be applied to goods whether it is woven in, impressed on, or otherwise worked into, or annexed or affixed to, the goods or to any package or other thing.

Section 102 provides that a person shall be deemed to falsify a trade mark who, either

- (a) without the assent of the proprietor of the trade mark makes that trade mark or a deceptively similar mark; or
- (b) falsifies any genuine trade mark, whether by alteration, addition, effacement or otherwise.

A person shall be deemed to falsely apply to goods or services a trade mark who, without the assent of the proprietor of the trade mark

- (a) applies such trade mark or a deceptively similar mark to goods or services or any package containing goods;



(b) uses any package bearing a mark which is identical with or deceptively similar to the trade mark of such proprietor, for the purpose of packing, filling or wrapping therein any goods other than the genuine goods of the proprietor of the trade mark.

(3) Any trade mark falsified as mentioned in sub-section (1) or falsely applied as mentioned in sub-section (2), is in this Act referred to as a false trade mark.

(4) In any prosecution for falsifying a trade mark or falsely applying a trade mark to goods or services, the burden of proving the assent of the proprietor shall lie on the accused.

Sections 103 and 104 penalize both direct and indirect infringement. Section 103 makes the following acts punishable:

- (a) falsification of any trade mark; or
- (b) falsely applying to goods or services any trade mark; or
- (c) making, disposing of, or having in possession, any die, block, machine, plate or other instrument for the purpose of falsifying or of being used for falsifying, a trade mark; or
- (d) applying any false trade description to goods or services; or
- (e) applying to any goods to which an indication of the country or place in which they were made or produced or the name and address of the manufacturer or person for whom the goods are manufactured is required to be applied under section 139, a false indication of such country, place, name or address; or
- (f) tampering with, altering or effacing an indication of origin which has been applied to any goods to which it is required to be applied under section 139; or
- (g) causing any of the things above-mentioned to be done,

Unless one proves that he/ she acted, without intent to defraud, punishment for the above is imprisonment for a term which shall not be less than six months but which may extend to three years and with fine which shall not be less than fifty thousand rupees but which may extend to two lakh rupees. However, the court may, for adequate and special reasons to be mentioned in the judgment, impose a sentence of





imprisonment for a term of less than six months or a fine of less than fifty thousand rupees.

Section 112 provides that where a person accused of an offence under section 103 he/ she shall be acquitted if the following is proved:

- (a) that in the ordinary course of his business he/ she is employed on behalf of other persons to apply trade marks or trade descriptions, or as the case may be, to make dies, blocks, machines, plates, or other instruments for making, or being used in making, trade marks; and
- (b) that in the case which is the subject of the charge he/ she was so employed, and was not interested in the goods or other thing by way of profit or commission dependent on the sale of such goods or providing of services, as the case may be; and
- (c) that, having taken all reasonable precautions against committing the offence charged, he/ she had, at the time of the commission of the alleged offence, no reason to suspect the genuineness of the trade mark or trade description; and
- (d) that, on demand made by or on behalf of the prosecutor, he/ she gave all the information in his power with respect to the persons on whose behalf the trade mark or trade description was applied.

Section 104 provides penalty for selling goods or providing services to which false trade mark or false trade description is applied and provides as follows:

Any person who sells, lets for hire or exposes for sale, or hires or has in his possession for sale, goods or things, or provides or hires services, to which any false trade mark or false trade description is applied or which, being required under section 139 to have applied to them an indication of the country or place in which they were made or produced or the name and address of the manufacturer, or person for whom the goods are manufactured or services provided, as the case may be, are without the indications so required, shall, unless he proves

- (a) that, having taken all reasonable precautions against committing an offence against this section, he had at the time of commission of the alleged offence no reason



to suspect the genuineness of the trade mark or trade description or that any offence had been committed in respect of the goods or services; or

(b) that, on demand by or on behalf of the prosecutor, he gave all the information in his power with respect to the person from whom he obtained such goods or things or services; or

(c) that otherwise he had acted innocently,

be punishable with imprisonment for a term which shall not be less than six months but which may extend to three years and with fine which shall not be less than fifty thousand rupees but which may extend to two lakh rupees:

Provided that the court may, for adequate and special reasons to be mentioned in the judgment, impose a sentence of imprisonment for a term of less than six months or a fine of less than fifty thousand rupees.

### ***III. Border control measures***

Under the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007, a right holder can register its trademark with the Customs in India, requesting the customs to stop import of infringing goods in India.

After recordal of rights, the customs may halt the import of goods that may be infringing and intimate the right holder of the same. The right holder then has the option of joining the proceedings before the customs.



### Points to Remember

1. In a suit for trademark infringement and/ or passing off, two types of civil relief are available ie.. permanent relief granted at the end of the suit, and relief to protect interest while the suit lasts, i.e. interim relief.
2. Under the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007, a right holder can register its trademark with the Customs in India, requesting the customs to stop import of infringing goods in India.
3. World Wrestling Entertainment, Inc. v. Vinayak Sondhi&Ors. CS (OS) 2435 of 2011
4. Anton Piller orders: a court may appoint a Local Commissioner to execute a search and seizure order at the Defendant's premises.
5. A Mareva injunction is an order that freezes the assets of the Defendant.
6. Discovery of documents or by interrogatories may be sought under Order XI of the Code of Civil Procedure, 1908.
7. A person shall not be charged with infringement of trademark evn though he sells, lets for hire or exposes for sale, or hires or has in his possession for sale, goods or things, or provides or hires services, to which any false trade mark or false trade description is applied if he prove that he has taken all reasonable precautions against committing an offence.



### Self-check Exercises

- What are the different kind of remedies available to the owners of trademarks ?
- Explain the basic criteria that the courts look into while granting interim reliefs.
- What are the documents that can be recovered under the provisions of CPC in context of trademarks.
- When is a trademark deemed to be applied in respect of goods and services?





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