* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Date of decision: 17th March, 2023.

\+ **CS(COMM) 992/2018 and I.A. 5298/2023 (for exemption)**

SANDISK LLC & ANR. ..... Plaintiffs
Through: Mr.Prithvi Singh, Ms.Devyani Nath and Ms.Coral Shah, Advocates.

versus

EXCEL MARKETING ..... Defendant
Through:

CORAM:
HON'BLE MR. JUSTICE AMIT BANSAL

AMIT BANSAL, J. (Oral)

I.A.5297/2023 (O-XIII A R-3 & 6(1)(a) of CPC for Summary Judgment) & CS(COMM) 992/2018

1. The present suit has been filed seeking relief of permanent injunction restraining the defendant from infringing the trademark and copyright of the plaintiffs, passing off and other ancillary reliefs

PLEADINGS IN THE PLAINT

2. The case set up by the plaintiffs in the plaint is as follows:

2.1. Plaintiff no.1, SanDisk LLC is an entity existing under the laws of the state of Delaware, USA. The plaintif no.1 is the registered proprietor of the trademarks SanDisk, SanDisk (logo), the red frame logo [ ], SanDisk Ultra and Cruzer Blade (hereinafter 'SanDisk trademarks'). Plaintiff no.2, SanDisk India Device Design is a sister concern of the plaintiff

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no.1 and is the registered user of the SanDisk trademarks. The plaintiffs design, develop and manufacture data storage solutions in a range of form factors using flash memory, controller and firmware technologies.

2.2. The plaintiffs are the registered proprietor of the trademark SanDisk and SanDisk formative marks in Class 9 of the Trade Marks Act, 1999. Details of the plaintiffs SanDisk trademarks registered in India have been tabulated in paragraph no.15 of the plaint. The earliest registration of the plaintiffs' SanDisk mark is of 14th November, 2003. The said marks of the plaintiffs are also registered by the plaintiff no.1 in various foreign countries.

2.3. The plaintiff no.1 sells its memory cards in a unique and distinct packaging. The packaging of the plaintiffs qualifies as an 'original artistic work' within the meaning of Section 2(c) of the Copyright Act, 1957 and the plaintiff is entitled to the exclusive rights in the same.

2.4. The plaintiff no.1 has been selling its products in the Indian market since 2005. It is further stated that approximately 3,00,000 storefronts worldwide stock and sell the plaintiffs' products and the plaintiffs spend hundreds of millions of dollars in research and development of their products and on advertising.

2.5. In June 2018, the plaintiffs discovered that some unauthorised third-parties were marketing and selling counterfeit micro SDHC cards and USB flash drives bearing the identical trademarks and packaging as the plaintiffs' products marketed and sold under the trademarks 'SanDisk' and 'Cruzer Blade'. Pursuant thereto, the plaintiffs availed the services of an investigator, to ascertain the business activities of the defendant. The investigator purchased samples of the counterfeit products bearing the mark

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'SanDisk' and 'Cruzer Blade' from the defendant. Photographs of the said counterfeit products have been filed long with the plaint.

2.6. Accordingly, the plaintiffs have filed the present suit.

PROCEEDINGS IN THE SUIT

3. This Court, vide order dated 5th July, 2018 granted an *ex parte* ad interim injunction in favour of the plaintiffs under I.A.8516/2018, restraining the defendant from dealing in any product or packaging bearing the plaintiffs' registered trademarks SanDisk, SanDisk (logo), the red frame logo [SanDisk], and Cruzer Blade. The relevant portion of the said order is as under:

> "*Keeping in view the aforesaid, this Court is of the opinion that a prima facie case of infringement is made out in favour of the plaintiffs and balance of convenience is also in their favour. Further, irreparable harm or injury would be caused to the plaintiffs if an interim injunction order is not passed.*
>
> *Consequently, till further orders, the defendant, its proprietors/partners, servants, agents and all others in active concert with them are restrained from manufacturing, marketing, selling, offering for sale, advertising, directly or indirectly dealing in any product or any product packaging bearing the plaintiffs' registered trademarks SanDisk, the* SanDisk *logo, 'Cruzer Blade' and the Red Frame Logo and/or any mark/s or confusingly or deceptively similar in any manner whatsoever.*"

4. Vide the aforesaid order, a Local Commissioner was appointed by the Court to seize and inventories the infringing products. The Local

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Commission was carried out on 20th July, 2018 and a copy of the entire suit paper book was served upon the defendant. The report of the Local Commissioner has been placed on record.

5. The defendant filed written statement to the plaint on 27th October, 2018 along with purchase and sales invoices. Subsequently, the plaintiff filed an application under Order VI Rule 17 of the CPC seeking amendment of plaint, which was allowed vide order dated 4th February, 2019 passed by the Joint Registrar. Order dated 16th May, 2019 records that the defendant did not wish to file written statement to the amended plaint and therefore, the pleadings stood complete.

6. The defendant has not been appearing in the suit since 20th April, 2022 and vide order dated 28th February, 2023, the defendant was proceeded against *ex parte*.

7. Accordingly, the present application for passing a summary judgment has been filed.

8. Counsel for the plaintiffs submits that this is a fit case where a Summary Judgment in terms of Order XIII-A of the Code of Civil Procedure, as applicable to commercial disputes of a specified value, read with Rule 27 of the Delhi High Court Intellectual Property Rights Division Rules, 2022 (in short, 'IPD Rules'), deserves to be passed in favour of the plaintiffs and against the defendant.

ANALYSIS AND FINDINGS

9. I have heard the counsel for the plaintiffs and perused the record of the case.

10. From the averments made in the plaint and the documents filed

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therewith, the plaintiffs have been able to prove that they are the registered proprietors of the SanDisk trademarks and the said registrations are valid and subsisting. The plaintiffs have also been able to show their goodwill and reputation in respect of the SanDisk trademarks. Plaintiffs have established statutory as well as common law rights on account of long usage of the SanDisk trademarks.

11. A comparison of the original products of the plaintiffs and the counterfeit products of the defendant has been made in paragraph 33 of the plaint. From the comparison it is clear that the defendant has made use of identical trademarks and packaging in relation to counterfeit goods. The report of the Local Commissioner also shows that the defendant is indulging in marketing and sales of counterfeit products, which bear the identical marks as that of the plaintiffs.

12. The marketing and selling of counterfeit products by the defendant not only amount to infringing the registered SanDisk trademarks and copyrights of the plaintiffs but also to passing off the goods of the defendant as that of the plaintiffs. The defendant has taken unfair advantage of the reputation and goodwill of the plaintiffs' marks and has also deceived unwary consumers of its association with the plaintiffs. Such acts of the defendant would also lead to dilution of the plaintiffs' marks.

13. The defendant in its written statement to the original plaint has made bare averments without placing on record any substantial documentary evidence. Moreover, since the defendant has failed to enter appearance after 20th April, 2022, despite having suffered an ad interim injunction order, it is evident that the defendant has nothing substantial to urge.

14. I am of the opinion that no purpose would be served by directing the

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plaintiffs to lead *ex parte* evidence by filing an affidavit of examination in chief. Therefore, in my opinion, this is a fit case where a Summary Judgment in terms of Order XIII-A of the CPC, as applicable to commercial disputes of a specified value, read with Rule 27 of the IPD Rules, deserves to be passed in favour of the plaintiffs and against the defendant. Reference in this regard may be made to the judgment in ***Su-Kam Power Systems Ltd.*** **v.** ***Kunwer Sachdev***, 2019 SCC OnLine Del 10764, wherein this Court has observed as under:

> "*90. To reiterate, the intent behind incorporating the summary judgment procedure in the Commercial Court Act, 2015 is to ensure disposal of commercial disputes in a time-bound manner. In fact, the applicability of Order XIIIA, CPC to commercial disputes, demonstrates that the trial is no longer the default procedure/norm.*
>
> *91. Rule 3 of Order XIIIA, CPC, as applicable to commercial disputes, empowers the Court to grant a summary judgement against the defendant where the Court considers that the defendant has no real prospects of successfully defending the claim and there is no other compelling reason why the claim should not be disposed of before recording of oral evidence. The expression "real" directs the Court to examine whether there is a "realistic" as opposed to "fanciful" prospects of success. This Court is of the view that the expression "no genuine issue requiring a trial" in Ontario Rules of Civil Procedure and "no other compelling reason…..for trial" in Commercial Courts Act can be read mutatis mutandis. Consequently, Order XIIIA, CPC would be attracted if the Court, while hearing such an application, can make the necessary finding of fact, apply the law to the facts and the same is a proportionate, more expeditious and less expensive means of achieving a fair and just result.*
>
> *92. Accordingly, unlike ordinary suits, Courts need not hold*

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> *trial in commercial suits, even if there are disputed questions of fact as held by the Canadian Supreme Court in Robert Hryniak (supra), in the event, the Court comes to the conclusion that the defendant lacks a real prospect of successfully defending the claim.*"

15. The aforesaid principles are fully applicable in the facts and circumstances of the present case and therefore, the plaintiffs are entitled to a summary judgment.

16. In view of the above, the present application is allowed.

RELIEF

17. The various registrations and the long usage of the SanDisk trademarks by the plaintiffs, as also the goodwill vesting in the SanDisk trademarks, entitles the plaintiffs for grant of permanent injunction and decree in terms of the plaint.

18. Accordingly, the present suit is decreed against the defendant in terms of the relief of permanent injunction as sought in prayer clauses 41 (a) and (b).

19. Insofar as delivery up for the purpose of destruction, as sought in prayer clause 41(c) is concerned, the goods seized by the Local Commissioner, which are lying in *supardari* with the defendant, the details of which are given in paragraph 6 of the report dated 20th July, 2018 are directed to be handed to the representatives of the plaintiffs forthwith for the purpose of destruction, in compliance with extant rules/regulations.

20. Since the defendant is not appearing any longer and has not rendered any accounts of profits, the said relief as sought in prayer clause 41(d) cannot be granted.

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21. The Local Commissioner found a total number of 253 infringing and counterfeit goods at the premises of the defendant, which were inventorized by him and seized and handed over on *supardari* to the defendant. Further, the sale invoices filed by the defendant which go as far back as September, 2016 reflect total sales of more than Rs.29,00,000.

22. I am convinced that this is not a case of innocent adoption and therefore, the plaintiffs are entitled to damages. Taking a reasonable assessment of the volume of seizure made, nature of counterfeiting indulged into by the defendant, in the opinion of the Court, the plaintiffs are entitled to damages Rs,5,00,000.

23. Plaintiffs have also incurred costs for executing the commission and deposited court fees. Thus, in view of the judgment of the Supreme Court in ***Uflex* v. *Government of Tamil Nadu***, 2021 SCC OnLine SC 738 as well as in terms of the Commercial Courts Act, 2015 and the Delhi High Court (Original Side) Rules, 2018 read with Delhi High Court Intellectual Property Division Rules, 2022, the plaintiffs are entitled to actual costs recoverable from the defendant. 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 31st March, 2023. As and when the same is filed, the matter will be listed before the Taxing Officer for computation of the costs.

24. Let the decree sheet be drawn up.

25. All pending applications are disposed of in the above terms.

AMIT BANSAL, J

MARCH 17, 2023
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