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

Date of Decision: 18th December, 2023

+ **CS(COMM) 173/2022, I.As. 11251/2022, 11253/2022 & 11254/2022**

DEVANS MODERN BREWERIES LIMITED Plaintiff

Through: Mr. Afzal B. Khan, Ms. Suhrita Majumdar, Mr. Samik Mukherjee Mr Sharad Besoya and Mr. Bal Krishan Singh Advs. (M. 9881880037)

versus

JAGPIN BREWERIES LIMITED Defendant

Through: Mr. Amit Jain and Mr. Nakul Mehta Advs. (M. 9818558690)

CORAM:

JUSTICE PRATHIBA M. SINGH

JUDGMENT

1. This hearing has been done through hybrid mode.
2. The present suit, filed under the provisions of the Trade Marks Act, 1999 and the Designs Act, 2000, was originally filed before the Id. ADJ, District Judge (Commercial Court), West Delhi. However, since the Defendant filed an application under Section 22(4) of the Designs Act, 2000, seeking cancellation of the Plaintiff's registered design, the suit was transferred to this Court vide order dated 22nd February, 2022.
3. The Plaintiff - Devans Modern Breweries Limited filed the present suit under Section 134 of the Trade Marks Act, 1999 read with Section 22 of the Designs Act, 2000, against the Defendant - Jagpin Breweries Limited, seeking an injunction to restrain the use of the Plaintiff's 'DEVANS' glass



bottles for the Defendant's beer, which is sold under the mark 'COX 1000 STRONG PREMIUM BEER'.

4. In the present suit, both the parties are beer manufacturers. The Plaintiff was established in 1961 and has been engaged, *inter alia*, in the business of manufacturing and marketing bottled and canned beers.

5. The Plaintiff's products are sold under the mark 'GODFATHER', 'BULLDOZER', 'INFERNO', 'KOTSBERG' and various other marks. The glass bottles, sold by the Plaintiff, bear the embossing of the mark/name 'DEVANS' on the bottle. The Plaintiff has a trade mark registration for the word mark 'DEVANS GRANDEUR' bearing no. 3555503 dated 23rd May, 2017 in class 33.

6. The Plaintiff also has a design registration bearing no. 233798 dated 10th January, 2011 in class 09-01 in relation to glass bottles. As per the Plaintiff, the novelty in the said design resides in the shape and configuration of the bottle.

7. The grievance in this case is that 'COX 1000 STRONG PREMIUM BEER' products, belonging to the Defendant, were found bottled in 'DEVANS' glass bottles, which may have been obtained through re-circulation in the market. This was revealed to the Plaintiff in May, 2018, prompting them to write a letter dated 12th May, 2018 to the Defendant.

8. However, since there was no response from the Defendant, the present suit was filed. Vide order dated 14th January, 2019, the Plaintiff had made a proposal to the Defendant to the following effect:

“Sh. Ghosh states that he has already received the advance copy of the written statement. Written statement, reply to the injunction application, copies of list of documents, statement of admission



& denial as well as application under Amended Order XI of CPC seeking exemption from filing original/better copies filed today. Same is taken on record. Entire such set has been supplied today.

Sh. Ghosh states that in the event, defendant comes across further empty stock of unused bottles bearing the design and engraving of plaintiff and takes appropriate steps to ensure that same are not used by the defendant, there is every possibility that plaintiff may feel satisfied and may not pursue the present suit. Defendant would get back on the next date with respect to the aforesaid proposal.”

9. Thereafter, vide order dated 22nd July, 2019, Id. ADJ-02, West Delhi restrained the Defendant from using the Plaintiff’s empty bottles for packaging beer. Following this, on 27th February, 2021, the ADJ-02, West Delhi allowed the Plaintiff’s application to amend the plaint under Order VI Rule 17 CPC, on the ground that the said amendment would not change the nature of the suit. On 27th September, 2021, the Id. ADJ-02, West Delhi allowed the amended plaint to be taken on record, subject to the payment of costs. Additionally, the Defendant filed an application under Order VII Rules 10 & 11 CPC, which was dismissed as withdrawn vide order dated 24th February, 2022.

10. Thereafter, for various reasons, the matter has continued to be contested, including challenges to the validity of the Plaintiff’s design registration under Section 22(4) of the Designs Act, 2000.

11. A perusal of the written statement reveals that the Defendant’s position is that the impugned bottles are purchased from the *kabadiwalas* (scrap dealers), and such purchase includes bottles embossed with various brands. According to the Defendant, since the liquor industry lacks any



mechanism for reusing empty bottles, the Defendant contends that they are within their rights to procure any type of used empty bottles from the market for their further use. The Defendant's pleadings in the written statement are as follows:

*"I. That the alleged Design Registration of the Plaintiff have no bearing on the case of Defendant. The Plaintiff has based its averments in the plaint entirely on wrong footing. The Defendant has no practice of taking bottles from kabariwala. **However, it appears that some bottles were collected second hand from the kabariwala due to shortage of bottles. This is not a practice with the Defendant but it was done by a junior staff of the Defendant Company. The bottles so sourced from kabriwala are of various brands not exclusively limited to the bottles of the Plaintiff. The bottles collected from the second hand market may or may not contain the alleged bottles of the Plaintiff. The Defendant does not pick and choose the alleged bottles of the Plaintiff. These markets are free market and there is no bar for the Defendant or anyone else to purchase any item from such market.** The liquor industry unlike soft drinks industry does not have any mechanism whereby the used empty bottles are taken back by the Company from the retailer/ wholesaler. Thus, the Defendant is within its rights to procure any type of used empty bottle from the market for its further use.*

J. That the Defendant does not source alleged bottles of the Plaintiff from the second hand market as a practice. However, the bottles collected may have been bottles of various shapes and design not limited to only the alleged designs of the Plaintiff. These bottles are processed mechanically by the Defendant at their plant in which the labels wrapped on the bottles are respectively removed. These processed transparent



bottles are then wrapped with the own label "COX 10000 PREMIUM STRONG BEER" of the Defendant before the bottles are filled with the own manufactured liquor of the Defendant. The bottles so wrapped and filed are finally inserted in box packaging displaying the entire label of the Defendant "COX 10000 PREMIUM STRONG BEER" and are distributed to the various dealers, wholesalers/retailers in a big carton containing a lot of several bottles. Thus, the design of the bottles is not at all visible to the naked eye but it is only the packaging at most that is visible at the time of sale. This is not a practice and it happened due to shortage of bottles. However, there is no legal bar to collect second hand bottles from the market.

K. That the sale in liquor industry is usually at the wine and beer shops or at the country side stalls. In the usual wine and beer shops, the bottles are not displayed but are kept in the aforesaid cartons and it is these Cartons only that bear the print of the label on the outside. The alleged designs of the bottles are not even visible to the consumer leaving no scope for any alleged confusion in the minds of purchasing public. The entire transaction is based on the demand of the purchaser based on the trade mark and the said demand is fulfilled by the shopkeeper by taking out the product based on the trade mark. Thus, the alleged designs of the bottle do not contribute at all to the sale in the liquor industry. Even at other places like pubs and Bar Restaurants etc., there are many brands displayed on the shelf and it is certainly not the position that the Plaintiffs bottles are distinctly identified both from the closer and the further distances. Again, the consumer in the bar orders a drink by the trade mark. The bottle is irrelevant in such a case. In such circumstances, the alleged design of the Plaintiff bottles are of no significance in the



present suit.

*L. That the Defendant or other manufactures are within their rights to use the alleged used empty bottles in such a manner as long as the Plaintiff does not devise some mechanism whereby the used bottles are taken back by the Plaintiff and then re-used. This would be on the lines of adopting a similar Distribution chain as being currently adopted by the soft drinks industry where the shopkeeper deposits some money from the consumer for the used empty bottle and then returns the deposit after the bottle is returned from the consumer. **If the Plaintiff is so concerned about its bottle, then the Plaintiff should evolve a system where it is lucrative for the consumer to return the bottle. The Plaintiff if so concerned about the bottle, he should take positive steps. This would ensure that the used empty bottles are not available anywhere in the free market and the same would also be brought under the market control.** The Defendant thus are not liable for any infringement and passing off the Plaintiff's goods under the alleged design registration. The bottles are available in the market as second hand bottles and the Defendant or any other person is within its right to use the same. People use such bottles for various purposes and the Plaintiff cannot stop them from using the bottle because the purchaser buys the liquor and the bottle."*

12. Vide order dated 24th August, 2023, this Court recorded and confirmed the injunction granted by the Id. ADJ on 22th July, 2019. The relevant portion of the said order is extracted below:

"I.A. 11252/2022 (for stay)

2. *The issue in this case involves the use of second-hand bottles of the Plaintiff, by the Defendant, for bottling its own beer and selling it in the market under its own mark. There is already*



an injunction which has been granted vide order dated 22nd July, 2019 by the ld. ADJ West/Delhi which reads as under:

“Heard on the application under order 39 rule 1 & 2 CPC of the plaintiff.

It is admitted position that the used bottles of the plaintiff were actually used by the defendant for packing their beer and both the parties are manufacturing. It is submitted that there is every likelihood that all the potential customers taking the bottles of defendant to be that of plaintiff and thereby getting deceived, therefore, I restrain the defendant from using empty bottles of plaintiff for packing their beer till further orders.

Ld. Counsel for the defendant moved an application under order 7 Rule 10 & 11 CPC. Copy supplied to ld. Counsel for the plaintiff.

Put up the case for reply/arguments to the application under order 7 Rule 11 CPC of defendant on 28.09.2019. Copy of this order be given dasti to the plaintiff, as prayed.”

3. This order shall operate and shall be complied with by the Defendant during the pendency of the suit. The I.A. 11252/2022 is disposed of.

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4. The Plaintiff has moved an application under Order XI Rule 6 CPC and also seeks summary judgment. Since there cannot be any dispute about the fact that even if there are second-hand bottles of the Plaintiff found in the market, the Defendant cannot use the said bottles,



which have the Plaintiff's mark 'DEVANS' embossed on them, for marketing and selling its own beer under the mark 'COX'. Mr. Bhatia, ld. Counsel for the Defendant submits that he would file an affidavit of his client to the effect that his client does not intend to use the Plaintiff's bottles and that his client may be subject to some levy/penalty if any inadvertent use of the Plaintiff's bottles is undertaken by the Defendant.

5. Let an affidavit be placed on record by the Defendant. After perusing the affidavit, the prayer for decree under Order XII Rule 6 CPC or summary judgment shall be considered by the Court."

13. In addition, an affidavit was directed to be filed, that the Defendant does not intend to use Plaintiff's bottles. An affidavit dated 13th September, 2023, has been filed by Shri Santosh Gupta- the Manager and Authorised Signatory of the Defendant company.

14. A perusal of the said affidavit reveals that the Defendant's case is that they make an effort to avoid or not use recycled bottles bearing the Plaintiff's mark and incorporating its registered design. In addition, the said affidavit has extracted various paragraphs from the written statement. The Defendant further maintains that they never admitted or stated that they have used any of the Plaintiff's bottles, except that some stray bottles may have been used inadvertently. The relevant portion of the said affidavit is extracted below:

"3. I state that the Defendant Company has made all the efforts not to use the recycled bottles which bear the Plaintiff Company 's Trade Mark/ Trade Name

4. [...] Thus, the Defendant has never admitted or stated that the Defendant used any bottle of the



Plaintiff. That it may have been possible that once or twice a stray bottle of the Plaintiff may have found their way in the large production of the beer being done by the Defendant at that time. However, the Defendant has been using its own sticker which has its own Trade Mark . It is relevant to point out that the Plaintiff has not been able to place on record any crate of beer having bottled and manufactured by the Defendant, which contains bottles of the Plaintiff.

5. *I state that as per hearing on the last date, the Hon'ble Court may evolve a system that in case the Plaintiff comes across any stray bottle of the Defendant which are in fact bottle of the Plaintiff, the Plaintiff may issue a notice to the Defendant and the Defendant would take remedial steps within reasonable time.*

6. *I state that the Defendant has challenged the jurisdiction of the Hon'ble Court in the Written Statement on the ground that both the Plaintiffs and Defendant's bottles as per excise record are not available in Delhi. However, since the Defendant is an honest company and has no intention to use the bottle of the Plaintiff and in fact not made any intentional use of the Plaintiffs bottle except a stray bottle inadvertently may or may not have been used by the Defendant. However, the under taking is being given with an intent to close the matter and parties may be left to bear their own costs."*

15. In view of the Defendant's stand, it is clear to the Court that there is no contest regarding the proposition that bottles bearing the name 'DEVANS' cannot be reused by the Defendant for selling its 'COX' beer. The same would, in fact, constitute infringement of the Plaintiff's trade mark under Section 29 of the Trade Marks Act, 1999. Further, reusing the



Plaintiff's bottles for selling beer under the mark 'COX' would also be in contravention of Section 22(1) of the Designs Act, 2000.

16. This Court has previously considered cases with fact situations similar to the present one, where liquor manufacturers sought injunctions against competitors using their recycled bottles that bear the embossing of their marks. In addition, the Plaintiff placed reliance on the following cases in support of the above proposition:

- *Allied Blenders and Distillers Pvt. Ltd. v. Rangar Breweries Ltd.* [(2019) 261 DLT 129].
- *Annheuser-Busch LLC v. Surjeet Lal and Anr.* (2022 SCC OnLine Del 772).
- *Som Distilleries and Breweries Ltd. v. Regent Beers and Wines Limited* (2022/DHC/5171).

17. In *Allied Blenders (supra)*, the Plaintiff was the manufacturer and seller of whisky under the trade mark 'Officer's Choice'. The Defendant was the seller of liquor under the name 'Rangar da Santra', among others. The Defendant was using the recycled bottles of the Plaintiff, with the label of the Defendant. The Court granted a permanent injunction in favour of the Plaintiff, and observed as follows:

"10. In the present suit, the Defendant has agreed to suffer an injunction and has also undertaken not to use glass bottles bearing the mark 'Officer's Choice' with the infringing design. The Plaintiff has produced the original infringing bottle bearing the embossed mark 'Officer's Choice' as also the label of 'Rangar da Santra'. The Court is satisfied that bottles bearing the mark 'Officer's Choice' are being used in some manner for sale of 'Rangar da Santra'. Under these



circumstances, permanent injunction as prayed would be liable to be granted against the Defendant. The Defendant's arguments that the bottles are counterfeit bottles of the Defendant, depends on the outcome of the complaint, which is pending investigation and unless and until some other party is found to be indulging in the counterfeiting, the Defendant cannot escape liability. Under these circumstances, suit is liable to be decreed in terms of Paragraph (i) and (ii) of the prayer clause.”

18. In ***Annheuser-Busch LLC (supra)***, the Plaintiff filed a suit seeking a permanent injunction to restrain the Defendants from using any glass bottles with the embossed word 'Budweiser'. The Plaintiff argued that the Defendants, who manufacture and sell beer under the marks 'BLACK FORT' and 'POWER COOL', were using the Plaintiff's 'BUDWEISER'-embossed beer bottles, re-labelling them as 'BLACK FORT' and 'POWER COOL'. Conversely, the Defendants maintained that the bottles entered their system through *kabadiwalas* (scrap dealers) and subsequently entered their manufacturing line. After cleaning and filling a large number of bottles, they acknowledged the possibility of accidentally using 'BUDWEISER' bottles in the process. The Court restrained the Defendants from using the Plaintiff's bottles, and observed as under:

“9. Similar is the view taken by the ld. Division Bench of the Bombay High Court in Som Distilleries and Breweries Ltd. v. SABMiller India Ltd. [2013 (56) PTC 237 (Bom)], wherein the plaintiff had a registered trademark for a particular brand of beer, and the defendant, as in the present case, was using the bottles having the embossing of the plaintiff's trademark. The relevant observations from the said judgment read as under:



“10. The case of the Appellant was that used bottles of beer are collected by the cabadis from the market and are sold back to the brewers for the purposes of recycling. In the process of recycling the previous labels are removed and the labels of the respective companies are affixed. The Appellant stated that though every possible care and precaution is taken to ensure that only the bottles bearing the labels and brand name of the Appellant are taken out in the recycling process, the possibility of a minuscule minority of the bottles of the Respondent or of any other company having similar shape and size of the bottle sneaking into the process of recycling on account of human error could not be ruled out.

XXX XXX XXX

12. The Appellant sought to set up a case of an honest use within the meaning and ambit of Section 30(1). Sub-section (1) of Section 30 provides that nothing in Section 29 shall be construed as preventing the use of a registered mark by any person for the purposes of identifying the goods or services as those of the proprietor, provided the use is in accordance with honest practices in industrial or commercial matters and is not such as to take unfair advantage of or be detrimental to the distinctive character or repute of the trade mark. The defence of the existence of an honest practice is clearly contrary to the case of the Appellant itself that though it was taking every possible precaution, it was conceivable that some bottles using the mark of the Respondent may have sneaked into the production process. That apart, a case of honest practice in industrial or commercial matters has to be pleaded and prima facie established. The



Appellant has clearly failed to do so.

*13. There is no merit in the second submission as well. Section 29(1) provides that a registered trade mark would be infringed by a person who though not being a registered proprietor or a permitted user uses in the course of trade, a mark which is identical with, or deceptively similar to the trade mark in relation to goods and services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark. In order to attract Section 29(1) several ingredients must be established. Firstly, there must be in existence a registered trade mark. Secondly, there has to be a use by a person who is not a registered proprietor or a person using by way of a permitted use. Thirdly, the use must be in the course of trade. Fourthly, the use must be of a mark which is identical with or deceptively similar to the trade mark. Fifthly, the use must be in relation to goods and services in respect of which the trade mark is registered. Finally, the use must be in such a manner as to render the use of the mark likely to be taken as being used as a trade mark. **All these ingredients which have been set out in sub-section (1) of Section 29 have been fulfilled. The respondent is the registered proprietor of the marks in question. The Appellant is not a registered proprietor or a person entitled to permissive use. The Appellant has used on the bottles of beer the very mark of the Respondent in respect of which the mark of the Respondent is registered. This use is in such a manner as would render the use of the mark likely to be taken as being used as a trade mark.***

...



11. Thus, the sale of any product with the recycled bottles of another manufacturer would result in infringement and passing off. Though the bottle itself may be a genuine bottle which may have been put by the Plaintiff originally in the market, after the contents are consumed and the bottle reaches the recycling cycle, the Defendant's use of such bottles which have the Plaintiff's trade mark embossed on them would cause confusion as to its source. However, in view of the fact that the Defendant has candidly made a statement and has given an undertaking before this Court as captured above, the assurances and undertakings given by the authorized signatory of the Defendant Company are taken on record and accepted. In future, the Defendants shall ensure that the recycled 'BUDWEISER' bottles are not used for the beer, manufactured and sold by them, under the marks 'BLACK FORT' and 'POWER COOL', or under any other mark. A greater degree of supervision shall be exercised at the manufacturing plant of the Defendant Company, and random checks and inspections shall also be conducted by the Defendants to ensure that the bottles used in its manufacturing plant do not, in any manner, bear the mark 'BUDWEISER'. 12. With the acceptance of undertakings and the statements given by the Defendants, it is directed that the Defendants shall, henceforth, stand restrained from using, manufacturing or selling the mark 'BUDWEISER', even in recycled bottles, or in any manner whatsoever, in respect of beer manufactured and sold by the Defendants.

19. In *Som Distilleries (supra)*, the Defendant was manufacturing, selling and offering for sale its third-party beer brands by using/refilling the Plaintiff's proprietary bottles, which were embossed with the Plaintiff's registered marks. Subsequently, the Plaintiff came across certain recycled 'HUNTER' beer bottles which were being re-filled and recycled by the



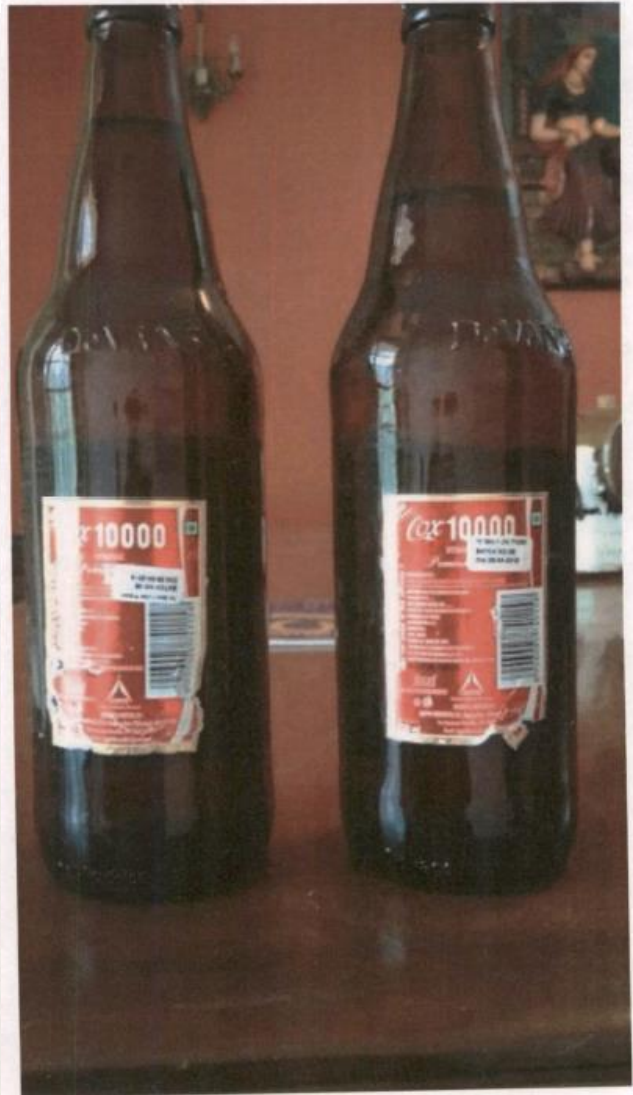
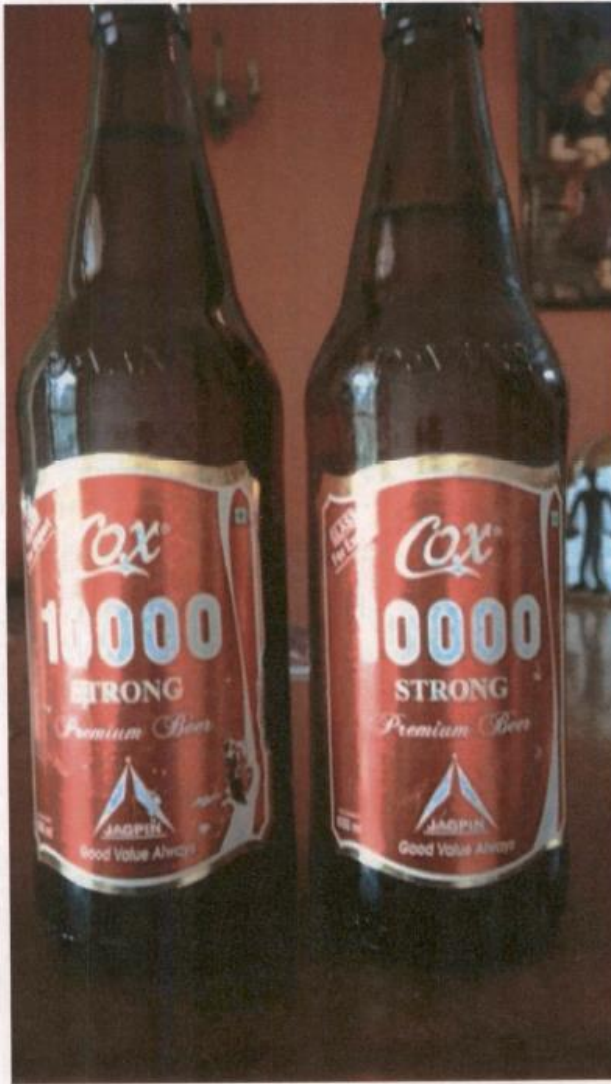
Defendant for the sale of its own beer. In this context, the Court placed reliance on *Annheuser-Busch LLC (supra)* and *Allied Blenders (supra)* and observed as follow:

“12. In the liquor trade, recycling of bottles is a usual phenomenon. The use of recycled bottles belonging to another's manufacturer for the sale of beer of one's own manufacture under a completely different brand name/mark would not be permissible. However, on several occasions, the same may happen inadvertently as is evident from the various cases which have come up before this Court.

....

15. This Court is inclined to take a similar approach in the present case, by accepting the undertakings and assurances given by the Defendant No.1 to the effect that it shall be cautious and **shall not use recycled bottles bearing the Plaintiff's marks for beer of its manufacture and sale, either under its mark 'VASCO SUPER', or 'BOLT', or under any mark/name belonging to a third-party.** In the facts and circumstances of the case, the present suit is decreed in terms of the relief of permanent injunction as sought in paragraphs A, B, and C of the prayer clause of the Plaintiff. 16. In view of the assurances given by the Defendant No.1, extracted hereinabove, the Plaintiff does not press the relief of damages, as also, any other reliefs as prayed for in the Plaintiff.”

20. The Court has also perused the physical bottles handed over by Id. Counsel for the Plaintiff. A perusal of the bottles leaves no manner of doubt that the Defendant has been using glass bottles of the Plaintiff for packaging and sale of its products COX BEER. The images of the said products are extracted herein below:



21. The legal position is thus settled that reusing of third party branded bottles would not be permissible. In fact, the use of such bottles, which have name 'DEVANS' embossed on it, could create an impression to the consumer that the 'COX' beer sold by the Defendant also originates from the Plaintiff's stable of products.

22. Thus, the Defendant ought to take all possible steps to ensure that such bottles are not sourced by it, and are also not used or re-used by it. Thus, a permanent injunction is granted against the Defendant from using



any glass bottles embossed with the Plaintiff's 'DEVANS' mark for packaging and sale of its 'COX 1000 STRONG PREMIUM BEER' products.

23. In addition, it is directed that if any stock of such bottles is found or received by the Defendant in the market, a notice may be issued to the Plaintiff, and it is then the Plaintiff's responsibility to source the said bottles in the manner as they deem appropriate.

24. In the future, if the Plaintiff encounters any stray incidents where glass bottles bearing the 'DEVANS' mark are found to have been used by the Defendants, they shall provide the Defendant with 15 days' notice. Thereafter, the Plaintiff may avail themselves of remedies in accordance with the law.

25. In view of the fact that since the inception of the suit in 2018, the Plaintiff's position has been clear, and considering that the Defendant has been unnecessarily contesting this matter, this Court, keeping in mind the latest judgment of the Supreme Court in *Uflex Ltd. v. Government of Tamil Nadu [Civil Appeal Nos.4862-4863 of 2021, decided on 17th September, 2021]*, regarding payment of actual costs in commercial disputes, the present suit is decreed for costs of Rs.2 lakhs to be paid by the Defendant to the Plaintiff. The costs shall be paid to the Plaintiff by the Defendant within four weeks.

26. The suit is decreed in the above terms. All pending applications are also disposed of. Let the decree sheet be drawn up.

PRATHIBA M. SINGH
JUDGE

DECEMBER 18, 2023/dk/dn