

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

Reserved on: 01.11.2022

Date of decision: 17.11.2022

+ CS(COMM) 452/2019 & I.A.11495/2019, 13114/2022

STARBUCKS CORPORATION

..... Plaintiff

Through: Ms.Priya Adlakha, Mrs.Bindra
Rana, Ms.Rima Majumdar,
Ms.Shilpi Sinha, Advs.

versus

LOL CAFE & ANR.

..... Defendants

Through: None

CORAM:

HON'BLE MR. JUSTICE NAVIN CHAWLA

1. This suit has been filed by the plaintiff *inter-alia* praying for a decree of permanent injunction restraining the defendants from infringing and/or passing off the plaintiff's registered trade mark '**FRAPPUCCINO**' and/or using the '**FRAPPUCCINO**' mark, including the '**BROWNIE Chips FRAPPUCCINO**' or any other similar trade mark in relation to their goods and services. The plaintiff also prays for damages; rendition of accounts of profits illegally earned by the defendants; and for an order of delivery and handing over of all the impugned goods, menu cards, and all other goods of any nature bearing and/or containing the impugned mark '**FRAPPUCCINO**' in any manner whatsoever, to the plaintiff for their destruction.

2. Vide order dated 23.08.2019 of this Court, summons in the Suit were issued to the defendants and an *ex-parte ad-interim* injunction was

granted in favour of the plaintiff, restraining the defendants from using 'FRAPPUCCINO' mark in any manner on any of the products sold by them.

3. In spite of service of summons, the defendants chose not to appear or file their written statements and were thus proceeded *ex-parte* on 28.11.2019. The plaintiff was given time to file its list of witnesses and evidence by way of affidavit.

4. On 26.02.2020, a counsel appeared on behalf of the defendants before the learned Joint Registrar (Judicial), and the learned counsels for the parties submitted that the suit is likely to be settled between the parties and prayed for time for the purpose of compromise.

5. The plaintiff thereafter filed an application, being I.A.13114/2022, under Order XIII-A of the Code of Civil Procedure, 1908 as applicable to commercial disputes of a specified value (in short, 'CPC'), praying for a Summary Judgment against the defendants. Notice of this application was issued by this Court on 22.08.2022, granting a period of three weeks to the defendants to file their reply. However, the reply to the aforesaid application was not filed by the defendant nor was the counsel for the defendant present in Court on 01.11.2022.

6. It is the case of the plaintiff that the plaintiff is a company organized and existing under the laws of the State of Washington, the United States of America (in short, 'United States'). It is a lifestyle-brand company. In the year 1971, its predecessor-in-interest opened its first retail store under the name '*Starbucks*' in Seattle, Washington, United States, offering a variety of coffee, tea and spices. In 1985, the plaintiff-company was incorporated as '*STARBUCKS CORPORATION*',

and in the year 1987, the plaintiff opened its first retail store in locations outside of Seattle, to other locations within the United States as also in Vancouver, British Columbia, Canada.

7. It is further asserted that the plaintiff, under its registered trade mark '**FRAPPUCCINO**' and the variations thereof, offers its widely popular hand-crafted blended cold beverages throughout the world. These are also sold in bottled form in many countries in a variety of flavours.

8. The plaintiff has given details of the registration of its '**FRAPPUCCINO**' mark in paragraph 7 of the plaint and filed documents in support of this claim.

9. It is further asserted that the plaintiff uses its trade mark '**FRAPPUCCINO**' in 30,626 '*Starbucks*' stores in 80 countries and territories, as well as a bottled-coffee beverage that is distributed to multiple third-party grocery, retail and wholesale stores globally. The plaintiff develops specific flavors for various countries in which beverages under the '**FRAPPUCCINO**' mark are available in the '*Starbucks*' stores. Some flavors are developed for short-term promotions, while some are developed for long-term menu use, such as beverages bearing the mark '**FRAPPUCCINO**' and in flavours including but not limited to '*Banana Java Chip*', '*Mango-Azuki*', '*Blackberry Green Tea*' in the Philippines, Switzerland, and Australia.

10. The plaintiff has also listed out the details of domain names registered with the word '**FRAPPUCCINO**' as the prominent part across the various countries, in paragraph 11 of the plaint.

11. The plaintiff asserts that its worldwide sales figures in relation to the various products sold under '**FRAPPUCCINO**' marks runs in

billions of US Dollars and that it has spent substantial amount on advertisement and promotion for its products and services, including in '**FRAPPUCCINO**' marks. The details of the revenue and the advertising expenses for the financial years 2012 to 2018 are given in paragraph 12 of the plaint.

12. The plaintiff also has been featured for the mark '**FRAPPUCCINO**' in various popular national and international trade magazines and newspapers (and their corresponding websites) having circulation in many countries throughout the world, including India.

12A. It is submitted by the plaintiff that in January, 2011, the plaintiff signed a pact with '*Tata Coffee Ltd*'. to open retail stores in India by way of equity joint venture. Thereafter, the joint venture company '*Tata Starbucks Private Limited*' was incorporated on September 30, 2011 and the plaintiff opened its first store in October, 2012 in Mumbai. Since then, the plaintiff has expanded its presence in India by opening at least 145 '*Starbucks*' stores in various cities across India. The plaintiff has also obtained registration of the trade mark '**FRAPPUCCINO**' in India in various classes, the details whereof are given in paragraph 23 of the plaint.

13. The plaintiff asserts that the '**FRAPPUCCINO**' marks constitute invaluable intellectual property rights of the plaintiff which has been zealously protected by them across the globe, with successful action being taken against the infringers of the said mark.

14. The plaintiff asserts that in the third week of November 2018, it was brought to the notice of the plaintiff that the defendant no. 2 was operating a cafe/restaurant under the name of the defendant no. 1 in

Jaipur, Rajasthan, wherein a beverage under the name of '**BROWNIE Chips FRAPPUCCINO**' was being sold without the plaintiff's permission, authorization or license. The defendants were also making reference to the beverage name '*Frappucino*' on the electric menu cards of their establishment, which are also being uploaded on third-party listing portals such as '*Zomato*' and '*EazyDiner*' for promotion and advertisement.

15. The plaintiff served the defendants with a cease-and-desist notice dated 01.12.2018, calling upon the defendants to stop the use of their registered mark '**FRAPPUCCINO**', however, no response thereto was received. A reminder letter dated 08.01.2019 was thereafter sent, to which again there was no response.

16. It is asserted that on a telephonic conversation with the director of defendant no.2, it was assured to the plaintiff's advocate that they would cease all use of the mark '**FRAPPUCCINO**' and will update their electronic menu cards which are listed on third-party portals like '*Zomato*' and '*EazyDiner*'. However, through an internal investigation, it was found that the defendants continued to sell its products under the impugned trade mark despite the undertaking of the director of the defendant no.2. Thereafter, another reminder dated 08.05.2019 was sent by the plaintiff's advocates to the defendants, requesting them to comply with the just and fair requisitions within a period of a week, however, again there was no response to the notice.

17. The plaintiff asserts that the defendants are not only infringing the registered trade mark of the plaintiff but are also guilty of passing off their products as those of the plaintiff's. The mark adopted by the

defendants is identical to the mark of the plaintiff's and there is no explanation for the defendants to have adopted the said mark.

18. The learned counsel for the plaintiff has also placed reliance on the judgments of this Court in *Starbucks Corporation v. Jail Cafe and Anr.*; 2019 SCC OnLine 12301 and in *Starbucks Corporation v. Tequila A Fashion Cafe & Anr.*, 2022 SCC OnLine Del 1381 to contend that in similar circumstances, suits filed by the plaintiff for the protection of its mark '**FRAPPUCCINO**' have been decreed by this Court and damages have also been awarded to the plaintiff.

19. I have considered the averments made in the plaint, the documents filed therewith, as also the submissions made by the learned counsel for the plaintiff.

20. As noted hereinabove, the defendants, in spite of service, have neither filed their written statement nor has anyone appeared in the suit, apart from on two occasions, that is on 26.02.2020 and 22.08.2022.

21. The plaintiff is the registered proprietor of the mark '**FRAPPUCCINO**', as is evident from not only the contents of the plaint but also the documents filed therewith. It has a worldwide reputation in the said mark. The defendants have adopted an identical mark, with the prefix '**BROWNIE Chip**' used by the defendants with the registered mark of the plaintiff '**FRAPPUCCINO**' apparently intending to deceive an unwary consumer and to ride upon the reputation of the mark. The plaintiff itself used its mark '**FRAPPUCCINO**' with a suffix depicting the flavours of its beverages, like '*Java Chip Frappuccino*' and others as stated in the plaint. The adoption of the mark '**FRAPPUCCINO**' by the defendants is, therefore, dishonest, and is intended to deceive an unwary

consumer. It amounts to infringement of the plaintiff's trade mark and would also result in passing off the goods of the defendants as that of the plaintiff's.

22. As the defendants have been proceeded *ex-parte*, in my opinion, the present is a fit case for passing of Summary Judgment invoking the provisions under Order XIII-A of the CPC, as applicable to the commercial disputes of a specified value, read with Rule 27 of the Delhi High Court Intellectual Property Rights Division Rules, 2022. The plaintiff, in absence of any defence and in view of the uncontroverted assertions in the plaint and the documents filed therewith, has not only been able to prove its right in the mark '**FRAPPUCCINO**', but also the infringement and passing off of the said mark by the defendants.

23. No useful purpose shall be served in calling upon the plaintiff to further undertake the exercise of proving the facts and documents that are otherwise not disputed. To do otherwise would defeat the object and intent of the Commercial Courts Act, 2015. For this purpose, reliance can be placed on the judgement passed by this Court in *Su-Kam Power Systems Ltd. v. Kunwer Sachdev and Another*, 2019 SCC OnLine Del 10764, wherein it was held 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 XIII A, CPC to commercial disputes, demonstrates that the trial is no longer the default procedure/norm.

91. Rule 3 of Order XIII A, 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 XIII A, 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 trial in commercial suits, even if there are disputed questions of fact as held by the Canadian Supreme Court in Robert Hryniak v. Fred Mauldin, 2014 SCC OnLine Can SC 53, in the event, the Court comes to the conclusion that the defendant lacks a real prospect of successfully defending the claim.”

23A. In reaching the above conclusion, reliance is also placed on the judgments of this Court in ***Jail Cafe and Anr.*** (*supra*) and ***Tequila A Fashion Cafe & Anr.*** (*supra*).

24. On the question of claim of damages, in ***Intel Corporation v. Dinakaran Nair & Ors.***, 2006 SCC OnLine Del 459, this Court has held as under:-

“13. The only other question to be examined is the claim of damages of Rs. 20 lakh made in para 48(iii) (repeated) of the plaint. In this behalf, learned Counsel has relied upon the judgments of this Court in Relaxo Rubber Limited v. Selection Footwear, 1999 PTC (19) 578; Hindustan

Machines v. Royal Electrical Appliances, 1999 PTC (19) 685; and CS (OS) 2711/1999, *L.T. Overseas Ltd. v. Guruji Trading Co.*, 123 (2005) DLT 503 decided on 7.9.2003. In all these cases, damages of Rs. 3 lakh were awarded in favour of the plaintiff. In *Time Incorporated v. Lokesh Srivastava*, 2005 (30) PTC 3 (Del) apart from compensatory damages even punitive damages were awarded to discourage and dishearten law breakers who indulge in violation with impunity. In a recent judgment in *Hero Honda Motors Ltd. v. Shree Assuramji Scooters*, 125 (2005) DLT 504 this Court has taken the view that damages in such a case should be awarded against defendants who chose to stay away from proceedings of the Court and they should not be permitted to enjoy the benefits of evasion of Court proceedings. The rationale for the same is that while defendants who appear in Court may be burdened with damages while defendants who chose to stay away from the Court would escape such damages. The actions of the defendants result in affecting the reputation of the plaintiff and every endeavour should be made for a larger public purpose to discourage such parties from indulging in acts of deception.

14. A further aspect which has been emphasised in *Time Incorporated* case (supra) is also material that the object is also to relieve pressure on the overloaded system of criminal justice by providing civil alternative to criminal prosecution of minor crimes. The result of the actions of defendants is that plaintiffs, instead of putting its energy for expansion of its business and sale of products, has to use its resources to be spread over a number of litigations to bring to book the offending traders in the market. Both these aspects have also been discussed in CS(OS) No.

1182/2005 titled Asian Paints (India) Ltd. v. Balaji Paints and Chemicals decided on 10.3.2006. In view of the aforesaid, I am of the considered view that the plaintiff would also be entitled to damages which are quantified at Rs. 3 lakh.”

(Emphasis supplied)

25. In ***Hindustan Lever Ltd. and Anr v. Satish Kumar***, 2012 SCC OnLine Del 1378, it has been held as under that:

“23. One of the reasons for granting relief of punitive damages is that despite of service of summons/notice, the defendant had chosen not to appear before the court. It shows that the defendant is aware of the illegal activities otherwise, he ought to have attended the proceedings and give justification for the said illegal acts. Since, the defendant has maintained silence, therefore, the guilt of the defendant speaks for itself and the court, under these circumstances, feels that in order to avoid future infringement, relief of punitive damages is to be granted in favour of the plaintiff.”

26. In ***Tequila A Fashion Cafe & Anr. (supra)***, this Court awarded damages of Rs.2,00,000/- (Rupees Two Lakh only) in favour of the plaintiff and against the defendants. In my opinion, similar damages deserve to be awarded in favour of the plaintiff and against the defendants in the present suit as well.

27. In view of the above, a decree is passed in terms of prayer made in paragraph 43 (a), (b) and (e) of the plaint.

28. The plaintiff is also held entitled to the cost of the Suit. Apart from the Court fee, the plaintiff has filed an ‘*Advocate Fee Certificate*’ showing an amount of Rs.13,38,917.85 charged by the counsel as legal

fee. The same is found to be reasonable and is thus awarded in favour of the plaintiff and against the defendants.

29. The Suit is decreed in the above terms. Let a Decree Sheet be drawn accordingly.

NAVIN CHAWLA, J.

NOVEMBER 17, 2022/Arya/Ais

