

A PECULIAR STUDY ON OBTAINING PERMANENT INJUNCTION IN CASES OF INTELLECTUAL PROPERTY INFRINGEMENT

Nimish Maheshwari*

ABSTRACT

In the present time, trademark infringement is a significant issue. Typically, businesses work to prevent trademark infringement. Courts also have a favourable outlook when it comes to making the choice to safeguard against infringement, and they even permit ex-parte decisions in favour of the party who claims that his trademark is being infringed upon by granting an injunction in his favour if there is sufficient evidence present. There have been cases where injunction orders have been broken, nevertheless. The two options that are now available to handle this scenario will therefore be clarified in this paper. The author will also share his opinion of the finest alternative at the end of this essay.

INTRODUCTION

Cases involving intellectual property infringement, particularly trademark cases, are increasing at the moment. Trademarks are a crucial component of every organization, thus any illegal use of them has an impact on the entire operation and may result in irreparable loss.

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Usually, in infringement cases, there is an allegation of infringement of any intellectual property like copyright, trademark, etc. by the defendant either by using any symbols, signs, marks, etc which are associated with the plaintiff's trademark or the defendant using them in a manner that is deceptively similar to the manner in which plaintiff use them to ride upon the goodwill earned by the plaintiff. Once the plaintiff becomes aware of this, she notifies the defendant to stop using the trademark. Even after this if the defendant doesn't desist from using it then a trademark infringement case is filed. The court will hear the plaintiff's *ex-parte* and issue an *ad interim ex-parte injunction* order preventing the defendant from further infringement if the defendant fails to show up for the hearing despite having received proper notices and summons. Like in *DS Confectionery Products Ltd. v. Nirmala Gupta and Anr*,¹ the defendant was prohibited by the court from producing, using, selling, distributing, advertising,

*BA LLB, SECOND YEAR, NATIONAL LAW UNIVERSITY, JODHPUR.

¹ *DS Confectionery Products Ltd. V. Nirmala Gupta and Anr* (2022) SCC OnLine Del 4013.

and making available for purchase in any way the goods and services carrying the contested trademark, whether directly or indirectly.

The fundamental issue arises when the defendant, despite receiving injunction orders, continues to breach their terms or fails to respond even after adequate notices have been served in accordance with *Order 39 Rule 3²* of the CPC.

What way forward can be adopted by the plaintiff against the defendant? One way is that the plaintiff can seek relief under *The Contempt of Courts Act, 1971³* (“CCA”) alleging this as contempt, as court orders are being defied. However, CCA generally offers harsh steps to deal with contempt that protect the legitimacy of the law and boost public trust in the justice system. Its main purpose is not to check whether the court’s orders are being followed or not. But to punish offenders if they commit contempt of court. So not the best way forward. The plaintiff can either move under *Order 39 Rule 2A⁴* of CPC which gives Consequence of Disobedience or breach of injunction or he can move under *Order XIII⁵* of CPC which mentions “Summary Judgement” to complete the proceedings in an expeditious manner.

The present article discusses different High court judgments in which courts have addressed this issue of breach of injunction under both these ways and what is the best way forward out of these two ways.

Order XXXIX Rule 2A

In *Sugen, Inc. and Others V. K. Vijaya Prakash and Ors⁶* plaintiff filed an application under *Order 39 Rule 2A⁷* of CPC to hold the defendants liable for contempt, having violated the injunction order passed by the Court. Here Suit was filed against the defendant alleging infringement of three patents of the plaintiff. To which the court granted *an ex-parte* ad interim injunction in favor of the plaintiff. Later defendant didn’t obey the injunction orders of the court and continued the infringement. The plaintiff filed an application under *Order 39 Rule 2A⁸* of CPC alleging wilful violation of the injunction order passed by the court.

² The Code of Civil Procedure, No. 5 of 1908, INDIA CODE (1908), Or.39 R. 3.

³ The Contempt of Courts Act, 1971, No. 70, Acts of Parliament, 1971 (India).

⁴ The Code of Civil Procedure, No. 5 of 1908, INDIA CODE (1908), Or.39 R. 2A.

⁵ The Code of Civil Procedure, No. 5 of 1908, INDIA CODE (1908), Order XIII.

⁶ *Sugen, Inc. and Others V. K. Vijaya Prakash and Others.* (2023) SCC OnLine Del 2543.

⁷ *supra* note 4.

⁸ *Id.*

Going through the evidence and material presented before the court it was held that the defendant committed willful and contumacious disobedience of the injunction order. Hence Defendant has committed wilful and contumacious disobedience of the order. He was accordingly held liable for committing contempt under the meaning of *Order 39 Rule 2A*⁹ of CPC.

In *Louis Vuitton Malletier V. Capital General Store and Others*,¹⁰ THE court undertook the analysis of Supreme Court Judgements on the divergence of opinion regarding actions under order XXXIX Rule 2A.

“There is a divergence of opinion, in judgments of the Supreme Court, on whether Order XXXIX Rule 2A confers, or does not confer, a power of contempt, and also, therefore, whether the disobedience which would invite punitive action under the said provision has necessarily to be wilful. Food Corporation of India v. Sukh Deo Prasad¹¹ and U.C. Surendranath v. Mambally's Bakery¹² hold in the affirmative.”¹³

Food Corporation of India v. Sukh Deo Prasad¹⁴ held that “38. The power exercised by a court under Order 39 Rule 2A of the Code is punitive in nature, akin to the power to punish for civil contempt under the Contempt of Courts Act, 1971.”¹⁵

U.C. Surendranath¹⁶ held that “7. For finding a person guilty of wilful disobedience of the order under Order 39 Rule 2-A CPC there has to be not mere ‘disobedience’ but it should be a ‘wilful disobedience’.”¹⁷

However, *Amazon. Com NV Investment Holdings LLC v. Future Retail Ltd¹⁸* held that

“We are prima facie of the view that the latter judgment in adding the word “wilful” into Order 39 Rule 2-A is not quite correct and may require to be reviewed by a larger Bench. Suffice it to say that there is a vast difference between the enforcement of orders passed under Order 39 Rules 1 and 2 and orders made in contempt of court. Orders which are in contempt of court

⁹ *supra* note 4.

¹⁰ *Louis Vuitton Malletier v. Capital General Store and Others* (2023) AIR 2023 Del 139.

¹¹ *Food Corporation of India v. Sukh Deo Prasad* (2009) 5 SCC 665.

¹² *U.C. Surendranath v. Mambally's Bakery* (2019) 20 SCC 666.

¹³ *supra* note 10, para 2.

¹⁴ *Food Corporation of India v. Sukh Deo Prasad* (2009) 5 SCC 665.

¹⁵ *Id.* para 38.

¹⁶ *U.C. Surendranath v. Mambally's Bakery* (2019) 20 SCC 666.

¹⁷ *Id.* para 7.

¹⁸ *Amazon. Com NV Investment Holdings LLC v. Future Retail Ltd.* (2022) 1 SCC 209.

are made primarily to punish the offender..... On the other hand, Order 39 Rule 2-A is primarily intended to enforce orders passed under Order 39 Rules 1 and 2”¹⁹

The aforementioned judgments demonstrate that *Order XXXIX Rule 2A*²⁰ is intended to enforce and compel conformity to the temporary injunction order, as opposed to contempt of court provisions, which are by their very nature punitive.

In the present case interlocutory order of restraint was passed in favor of the plaintiff and the defendants were forbidden from importing goods bearing the registered trademark “LOUIS VUITTON” into the country, manufacturing them, selling them, or offering them for sale. This order was violated by the defendants and against this interlocutory application was filed by the plaintiff under *Order 39 Rule 2A*²¹ of the CPC.

The application sought for the defendants to be penalized for their offense of contempt of court within the meaning of *Order 39 Rule 2A*.²²

The court observed “*Order 39 Rule 2A, if it is read strictly, does not provide much latitude to the court in such cases. It empowers the court, consequent on finding the injunction having been breached, to attach the property of the person guilty of the breach and also to order the detention of such person in civil prison for a term, not in excess of three months.*”²³

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“*The Supreme Court has, in Samee Khan v. Bindu Khan*²⁴, held that, where properties of the alleged violator are attached, the attachment has to cease with the cessation of act of disobedience.”²⁵

The court concluded that because the disobedience is no longer being continued, property attachment cannot be used in the current situation. Additionally, the decision to hold the defendant in civil prison is a drastic measure that irrevocably restricts someone's freedom; as such, it must be made with the utmost care and deliberation. Finally, the court directed the defendant to pay Rs. 5 lakhs.

¹⁹ *Id.*

²⁰ *supra* note 4.

²¹ *Id.*

²² *Id.*

²³ *supra* note 10, para 35.

²⁴ *Samee Khan v. Bindu Khan* (1998) 7 SCC 59.

²⁵ *supra* note 10, para 35.

An apology is permitted under *Order 39 Rule 2A*²⁶. Most of the time, courts have a lenient policy and dismiss a contempt application if a proper apology is made.

Like in the case of *Max Healthcare Institute Ltd. v. MS Max 24X7 Medicos and others*²⁷ plaintiff filed an application challenging the order passed by the commercial court by which the court allowed the defendants to tender an unconditional apology and undertaking within 7 days to ensure that contempt is not repeated. The petition by the plaintiff against accepting this apology was rejected by the court.

UNDER ORDER XIII A OF CPC

*Order XIII A of CPC*²⁸ talks about the Summary Judgment which was introduced after the amendment brought by the Commercial Courts Act, 2015.



In the case, *Aktiebolaget Volvo & Ors v. Volvo White Paints Industries & Ors*²⁹ plaintiffs were proprietors of the trademark “VOLVO” and had been carrying business since 1996. In 2021, the plaintiffs got to know that the defendants were undertaking business under the name “Volvo White Paints Industries” which infringed the plaintiff’s trademark.

The court awarded the plaintiffs an *ex-parte* ad interim injunction restraining the defendants from using the mark “VOLVO”. After this, the Court appointed two Local Commissioners to seize the counterfeit items carrying the mark “VOLVO”. On the defendants’ premises, the Local Commissioners discovered a sizable stock of counterfeit items, which they inventoried and seized. The Local Commissioners’ reports have been documented. The plaintiff then made an application for the granting of summary judgement in accordance with Order XIII A Rules 2, 3, and 6 of the CPC. The court noted that the defendants had received notice of ongoing litigation via courier, email, and speed post.

The plaintiff also presented evidence demonstrating that they had been using the name “Volvo” for a considerable amount of time and that allowing the defendants to use the contested trade name and mark would be harmful to their business. In light of this, the court determined that

²⁶ *supra* note 4.

²⁷ Max Healthcare Institute Ltd. V. MS Max 24X7 Medicos and Others (2022) SCC OnLine Del 4791.

²⁸ *supra* note 5.

²⁹ *Aktiebolaget Volvo & Ors v. Volvo White Paints Industries & Ors* (2023) SCC OnLine Del 675.

the circumstances were appropriate for issuing a Summary Judgement under Order XIII-A of the CPC, which is applicable to business disputes.

The court referred to the judgment ***Su-Kam Power Systems Ltd. v. Kunwer Sachdev***³⁰ where it was held that “*Rule 3 of Order XIII A, CPC, as applicable to commercial disputes, empowers the Court to grant a summary judgment 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.*”³¹

In the present case, the above principle was completely applicable so the plaintiffs were entitled to a summary judgment.

Similarly in ***EBAY V. Mohd. Waseem***³² court had granted a temporary *ex-parte* injunction in the plaintiff's favour and barred the defendants from using the trademark ‘SHOPIBAY’ or any more trademarks that are confusingly similar to the plaintiff's registered trademark ‘eBay/EBAY’ which were accorded protection under the trademark act. Through this suit, the plaintiff sought a permanent decree against the defendant.

The plaintiff relied on ***Satya Infrastructure Ltd. v. Satya Infra & Estates Pvt. Ltd.***³³ and asserted that since the defendants had freely chosen not to answer to the plaint and failed to participate in court proceedings shows that the defendants have nothing significant to argue, it was an appropriate case where Summary Judgment in terms of Order XIII-A of the Code of Civil Procedure deserves to be passed. The court also opined that no purpose will be served to direct the plaintiff to lead *ex-parte* evidence. Here also defendant had not appeared and filed no response.

The Court also relied on ***Su-Kam Power Systems Ltd. v. Kunwer Sachdev***³⁴ which reiterated as under:

“To reiterate, the intent behind incorporating the summary judgment procedure in the Commercial Court Act, 2015 is to ensure the disposal of commercial disputes in a time-bound

³⁰ Su-Kam Power Systems Ltd. v. Kunwer Sachdev, (2019) SCC OnLine Del 10764.

³¹ Su-Kam Power Systems Ltd. v. Kunwer Sachdev, (2019) SCC OnLine Del 10764.

³² EBAY v. Mohd. Waseem (2022) SCC OnLine Del 3879.

³³ Satya Infrastructure Ltd. v. Satya Infra & Estates Pvt. Ltd., (2013) SCC OnLine Del 508.

³⁴ Su-Kam Power Systems Ltd. v. Kunwer Sachdev, (2019) SCC OnLine Del 10764.

manner. In fact, the applicability of Order XIII A, CPC to commercial disputes, demonstrates that the trial is no longer the default procedure/norm.”³⁵

Accordingly, the court passed a summary judgment in favor of the plaintiff. On the question of relief of damages court relied on the case *Hindustan Lever Ltd. v. Satish Kumar*³⁶ which held that:

*“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 given 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”*³⁷

Applying the above principles, the plaintiff was given damages to the sum of Rs. 2 Lakh along with the costs of the suit.

Similarly in *DS Confectionery Products Ltd. v. Nirmala Gupta and Anr*³⁸ with similar facts the plaintiff filed for a decree of permanent injunction against the defendant restraining him from infringing the trademark registered by the plaintiff to which *ex-parte ad-interim injunction* prohibiting the defendants from directly or indirectly manufacturing, marketing, offering for sale, and advertising items bearing the contested trade mark was issued by the court.

Through the case had been listed before the court the plaintiff submitted the case for passing a summary judgment in terms of *Order XIII-A*³⁹ of CPC.

The court observed that because the defendants declined to submit written statements or make an appearance in the lawsuit to defend it, a summary judgment should be granted in accordance with Order XIII-A of the Code of Civil Procedure, 1908.

³⁵ *Id.*, para 90.

³⁶ *Hindustan Lever Ltd. v. Satish Kumar*, (2012) SCC OnLine Del 1378.

³⁷ *Hindustan Lever Ltd. v. Satish Kumar*, (2012) SCC OnLine Del 1378.

³⁸ *DS Confectionery Products Ltd. v. Nirmala Gupta and Anr* (2022) SCC OnLine Del 4013.

³⁹ *supra* note 5.

Here also court relied on *Su-Kam Power Systems Ltd. v. Kunwer Sachdev and Another*⁴⁰

Similarly, the same was held in *Sandisk LLC v. Amit and Ors*⁴¹ where local commissioner reports were read in evidence in terms of Order XXVI Rule 10(2)⁴² of CPC, and no *ex-parte oral evidence* was required to be led by the plaintiff. Thus, the plaintiff was awarded a permanent injunction along with damages.

Similarly in *Make My Trip (India) (P) Ltd. v. Owners of https://www.makemytripmood.com*⁴³ court held that the defendants had voluntarily chosen not to file a response to the plaint hence it is the perfect case where summary judgment in terms of *Order 13-A CPC*⁴⁴ deserves to be passed in favor of the plaintiff and against the defendants.

BEST POSSIBLE WAY FORWARD

After understanding these cases it is pertinent to note that usually two ways are followed if there is a breach of injunction orders happens or if the defendant doesn't file their response even after an *ex-parte injunction order* is passed against him. So, the best way forward is to move under *Order XIII A*⁴⁵ of CPC and go for summary judgment without having a full-fledged trial.

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As truly observed by the Delhi High Court in *Su-Kam Power Systems Ltd. v. Kunwer Sachdev*:

*“In fact, the legislative intent behind introducing summary judgment under Order XIII-A CPC is to provide a remedy independent, separate and distinct from judgment on admissions and summary judgment under Order XXXVII CPC.”*⁴⁶

Taking legal action under *Order XIII A*⁴⁷ of CPC is the best line of action because it ends the litigation process. It allows judges the power to grant a summary judgment where they believe the defendant has little likelihood of successfully disputing a claim. Order XIII-A⁴⁸ is added

⁴⁰ *Su-Kam Power Systems Ltd. v. Kunwer Sachdev and Anr.*, (2019) SCC OnLine Del 10764.

⁴¹ *Sandisk LLC v. Amit and Ors.* (2023) SCC OnLine Del 2060.

⁴² The Code of Civil Procedure, No. 5 of 1908, INDIA CODE (1908), Order XXVI Rule 10(2).

⁴³ *Make My Trip (India) (P) Ltd. v. Owners of https://www.makemytripmood.com*, (2022) SCC OnLine Del 4105.

⁴⁴ *supra* note 5.

⁴⁵ *Id.*

⁴⁶ *Su-Kam Power Systems Ltd. v. Kunwer Sachdev*, 2019 SCC OnLine Del 10764, para 50.

⁴⁷ *Id.* at 44.

⁴⁸ *Id.* at 44.

by way of amendment to *The Commercial Courts Act, 2015*⁴⁹ specifically to dispose of matters expeditiously. It is so evident that *Order XIII-A*⁵⁰ CPC grants the Commercial Courts substantially larger authority for a quick and efficient resolution of commercial suits. This is also crucial for the country's ease of doing business because it enables a quick resolution of the case without requiring a full trial. This relieves a trademark-holding company from needless litigation burdens since the defendant typically uses various delay strategies to drag out the proceedings.

Under *Order XIII-A*⁵¹ courts even waive the requirement for plaintiffs to file *ex-parte evidence*. A local commissioner's report is considered evidence if one was appointed, in such a case. Relief by way of *Order XXXIX Rule 2A*⁵² is transient and brief. Property of a non-compliant person is encumbered or the personal freedom of that person is restricted so that orders issued by civil courts can be enforced. However, once a party complies with the order, the encumbrance on the property is eliminated, and incarcerating someone should only be done in extreme cases because it ultimately includes restricting their personal liberty. Personal freedom is an inherent and intrinsic facet of human personality as put down by the Supreme Court in a chain of judgments. This is very well illustrated by the recent decision of the Delhi High Court in the *Louis Vuitton*⁵³ case. So, the best course of action is under *Order XIII A*⁵⁴ of CPC.



⁴⁹ The Commercial Courts Act, 2015, No 4, Acts of Parliament, 2016 (India)

⁵⁰ *supra* note 5.

⁵¹ *Id.* at 44.

⁵² *supra* note 4.

⁵³ *supra* note 10.

⁵⁴ *supra* note 5.