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COUNTERFEITING – NO MORE A CAKE WALK

24 April 2019

The Bombay High Court has passed an unprecedented order in *Nippon Steel & Sumitomo Metal Corporation Vs Kishor D Jain & Anr* (Notice of Motion (L) No 810 of 2019 in COMIP (L) No 383 of 2019) imposing costs of INR 5 Crore to be paid by the defendants who were caught counterfeiting the Plaintiff's mark and goods.

Background

By an ex-parte order dated 26 March 2019, the Bombay High Court had restrained Kishor D Jain & Anr (Defendants) from infringing the registered trade-marks 'Nippon Steel' and its variants owned by Nippon Steel & Sumitomo Metal Corporation (Plaintiff). The Bombay High Court had also appointed the Court Receiver to seize the impugned goods (carbon seamless pipes) and make copies of the electronic records of the Defendants. Thereafter, the Court Receiver seized various pipes, inspection certificates and had taken a mirror copy of the entire electronic records of the Defendants' computers/servers which were found at the Defendants premises.

During the course of the hearing, the Defendants admitted that they procured unbranded pipes from the local markets and affixed the Plaintiff's registered trade-marks upon the same. These counterfeit goods were then exported by the Defendants to Saudi Arabia to be used for laying pipes in oil plants. Interestingly, the Defendants admitted that they also fabricated the inspection certificates issued in relation to the counterfeit goods to show that the same emanate from the Plaintiff.

The Plaintiff submitted that the pipes in question are specialized seamless pipes which are used in the oil industry and can have disastrous consequences if the same are spurious and do not meet the required standards of safety. The Plaintiff submitted that apart from causing serious damage to its goodwill and reputation coupled with possibility of accidents, the acts of the Defendants have in fact brought disrepute to the reputation of the Country and therefore heavy and unprecedented costs should be imposed on the Defendants.

Decision

Considering the blatant copy of the Plaintiff's registered trade-marks, the Defendants submitted to a decree within 30 days of the initiation of the suit. However, with a view to deter various other counterfeiters from conducting such fraudulent activities, the Bombay High Court imposed costs of INR 5 Crore upon the Defendants. These costs will go to charity in favour of "Tata Memorial Hospital".

Comment

This is the first time that the Bombay High Court has imposed such heavy costs upon a defendant in a trade mark counterfeiting case. It's a welcome decision for the brand owners who spend heavily, first to popularize their mark and then to curb such blatant misuse of their popular mark. This decision should certainly serve as a deterrent to future counterfeiters/defendants. It breaks the traditional thought process of the defendants that stopping the use of the infringing mark is the only consequence of misuse of a trade mark.

- Smriti Yadav (Partner) and Dhiren Karania (Senior Associate)

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