

# Landmark Judgement

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**Case Study: Berachah Sales Corporation & Ors. v.  
Haldiram India Pvt. Ltd. (2024) | Haldiram: A Prominent  
Trademark**



**HALDIRAM INDIA PVT  
VS  
BERACHAH SALE  
CORPORATION & ORS.**

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A decree has been issued designating the oval-shaped mark and the "**HALDIRAM**" mark as "**well-known**" marks for food products and restaurants.

**Case Title:** Haldiram India Pvt. Ltd v. Berachah Sales Corporation & Ors.

**Court:** Delhi High Court

**Citation:** CS(COMM) 495/2019

**Judges:** Justice Prathiba M. Singh

**Date of Decision:** 02nd April, 2024

### **The case's facts**

The two marks in question, a "**V-shaped logo mark**" and a "**oval shaped logo mark**," were owned by the plaintiff in the aforementioned case, a business involved in the Fast Moving Consumer Goods (FMCG) sector of the market. Both marks were registered under class 30 with **the Registry in 1972**, but the plaintiff claimed to have been in use since 1965. With the exception of the State of Bengal, the aforementioned marks were valid throughout all of India. The application of the Doctrine of Spillover Reputation will demonstrate the significance of such a fact.

However, in the current proceedings, the Plaintiff claimed that the Defendants had fraudulently formed a business on **February 27, 2019, under the name "Haldiram Restro Pvt. Ltd."** The Plaintiff received this information from the Company Master Data that it had recorded.

Because of this, the Plaintiff's company decided to use the remedy provided by **Section 16(1)(b) of the Companies Act**, which relates to the remedy to the proprietor of a trademark, in an effort to have the Defendants change the name under which they are operating.

The defendants then claimed that they had only sought for trademark registration of the aforementioned disputed mark under **Class 43, which deals with the restaurant, resort, hotel, and function hall industries**. The Defendant argued that the Petitioner had not even applied for the registration of any marks under the aforementioned Class 43, even though the aforementioned applications were still pending before the Registry. The defendants further

informed the court that there are 36 businesses established under the Companies Act that use the name "Haldiram." Since none of these businesses are being sued, the defendants could not be forced to change their operating name.

In response to the Defendants' response, the Plaintiff looked through the applications that Defendant Nos. 5 and 6 had filed. It was noted that these applications were submitted to the Registry on November 26, 2018, for the marks "**Haldiram Bhujawala**" and "**Haldiram Restro**" (Class 43), and on July 22, 2019, for the marks "**Haldiram's**" and "**Haldiram Hotels**" (Class 43), all of which were "proposed to be used."

Additionally, the defendants created their own domain and asserted ownership of the www.haldiramrestro.com domain, which was registered on January 3, 2019.

Following additional research, it was found that the defendants had set up a Facebook site to promote their goods, which included desi ghee, mustard oil, and aata.

In light of all these facts, as well as the surrounding implications and consequences of the acts thus committed, the current proceedings were started through the present suit.

According to an order dated 11/09/2019, the Defendants were served with a summons and an ex parte injunction was granted in favor of the Plaintiff, directing the Defendant to stop using such deceptively similar marks while conducting business. Additionally, the Defendant was ordered to stop using any social media platforms or domain names that were created in light of or based on such marks.

Even on the day of the hearing, the aforementioned ex parte ad interim injunction was in effect.

On September 17, 2019, a Local Commissioner was appointed to examine the Defendants' property and confiscate any products that had deceptively identical markings on them, including packaging, advertising posters, banners, and other items.

The search and seizure were properly conducted by the Local Commissioner, who also submitted the required documentation. It was discovered through his conversation with Mr. Rajesh Kumar, the purported CEO of one of the defendant companies, that the aforementioned business has been selling these goods since 2019. Surprisingly, nevertheless, it was discovered that expired goods from a sister company of "Haldirams" (the defendant company) had been manufactured in 2018. This suggests that the defendants had been selling these goods prior to 2019.

Additionally, the parties submitted their admissions and denials of evidence and other papers in December 2019.

The defendants submitted to the court on September 5, 2022, indicating that they were willing to reach a settlement. However, **on July 29, 2022**, the mediation efforts were deemed unsuccessful, and the defendants' attorneys requested to be released from the case. This request was granted, and new court notices were sent to the defendants.

According to the Court's opinion in an order dated March 16, 2023, the Defendants had no interest in fighting the matter, therefore the Court could proceed ex parte under Order IX Rule 6 r.w. The 1908 Code of Civil Procedure, Order XVII, Rule 3.

**On May 9, 2023, the Plaintiff's** evidence was closed and the Petitioner's last remarks in response to the **Defendants'** Written remarks were heard.

### **Problems with the Case**

**(i)** Whether the Plaintiff's rights were violated by the Defendants' use of specific marks that amounted to misleading resemblance.

**(ii)** If the ad-interim ex parte order could be converted into a permanent injunction prohibiting the defendants from performing specific actions.

**(iii)** Whether the State of West Bengal might be accorded "well-known marks" status for the aforementioned marks.

Section 2(1)(zg) of the Trade Marks Act of 1999; Section 11(6) of the Trade Marks Act of 1999; Section 135(1) of the Trade Marks Act of 1999; Section 2(c) of the Copyright Act of 1957; and Section 16(1)(b) of the Companies Act of 2013 are the relevant laws.

### **The Parties' Argument**

The plaintiff

Mr. Grover, Ld. Counsel for the Plaintiff, emphasized the Plaintiff's financial situation by showing that sales exceeded Rs. 5000 Crores and that advertising expenses totaled Rs. 3500 Crores. Particularly in the Delhi-NCR area, the plaintiff ran forty stores. Thus, it is emphasized that the Plaintiff's aforementioned mark deserves to be recognized as a well-known mark.

The mere fact that Plaintiff does not operate the restaurants or sell the items in the State of West Bengal, according to Plaintiff, does not in any way prevent Plaintiff's "HALDIRAM'S" marks from being deemed "well-known."

In addition, the plaintiff requested compensation for actual costs and damages totaling Rs.

2.05 crores. Furthermore, the plaintiff noted that the substantial amount of packaging material and inferior products have seriously damaged the company's brand and image, harming its marks in related categories.

## **Defendants**

The Defendants mainly relied on the Plaintiff's failure to disclose some oppositions that the Defendants had filed under Section 57 of the Trade Marks Act, 1999. They also claimed that the aforementioned marks are already in dispute by a number of other entities, implying that if all the litigation were started against the Plaintiff, the Plaintiff would be at fault because it is the subject of these litigations.

Additionally, the defendants tried to resurrect some previous disputes about who owned the marks and how the plaintiff inherited them from the late Shri Ganga Bishan Agarwal.

Because the "HALDIRAM" marks were allegedly owned exclusively by other entities and Plaintiff's marks lacked distinguishing character, it was argued that Plaintiff was not the exclusive proprietor of these marks.

## **Examination of the Verdict**

Both parties' submissions were heard by the bench all the way through to the very end. However, the defendants stopped showing up for the proceedings in the aforementioned matter, thus the court proceeded against them ex parte. This was justified by a synchronized interpretation of Order IX Rule 6 CPC coupled with Order XVII Rule 3 CPC.

The Delhi High Court principally relied on the **G. Ratna Raj v. Sri. Muthukumarasamy Permanent Fund Ltd. case**, which supported the Court's position in the current situation, to support its ex parte actions against the defendants.

**(i)** The Court further stated that allowing the Defendant to carry on with its current operations would seriously violate the Plaintiff's long-standing use of his marks and the rights granted to him in relation to them by common law and India-centric legislation.

The Court further criticized the Defendants' submissions, believing that a significant portion of them were irrelevant to the case at hand and just sought to divert the Court's focus from the fundamental problems at hand.

In evaluating cases of misleading likeness or trademark infringement, the Court also relied on the "Triple Identity Test," an often used/resorted test. The Court concluded that the **triple identity test is satisfied since the same mark, "HALDIRAM," is being used for the same services and in the same trade channels or segments.**

(ii) The Court awarded a decree of permanent injunction in favor of the Plaintiff after considering the prior problem as described above and making a connection to the remedy requested by the Plaintiff.

(iii) The Court applied the pertinent sections, **namely Section 2(zg) and Section 11(6) of the Trade Marks Act, 1999**, to evaluate the final question of the case, which was whether the plaintiff's marks would be considered "well known." Following a quick review of the provisions under the aforementioned Sections, the Court relied on the **Tata Sons Ltd. v. Manoj Dodia Case (Para 5)**, which established crucial criteria for a mark to qualify as a "well known" mark and thus clearly outlined what would and would not fall under the general term of a "well known" mark.

**The Doctrine of Dilution**, which has gained popularity recently, was applied by the Court as a result of this case. According to this doctrine, a mark may be declared invalid even if it does not cause consumer confusion but has the potential to harm the well-known mark's goodwill or reputation. This diminishes the mark's primary purpose of identifying the manufacturer or source of the goods.

The Court also addressed the distinctiveness test, which considered "**distinctiveness**" to be a necessary prerequisite for mark registration. Similar to how it is intended to be implemented in the current case, this test was used in the **Disruptive Health Solutions v. Registrar of Trade Marks case (Para 10)**.

Lastly, in an effort to support this position, the plaintiff cited the Doctrine of Spillover Reputation, the cases *N R Dongre v. Whirlpool Corporation* and *Milmet of the Industries v. Allergan*, as well as this Court's ruling in *ITC Ltd. (above)*, which established the legal position on the significance of transborder reputation and its protection being crucial for affected entities.

### **In conclusion**

Because of the Court's conclusions, it is clear that the **"HALDIRAM'S" brand**, which has its roots in India's rich culinary heritage, has not only made a name for itself in the domestic

market but has also expanded its influence internationally, overcoming national, cultural, and geographic barriers.

As a consequence of the litigation, Haldiram was granted "well-known" mark status. This was ascertained by applying a number of tests and doctrines, which established that a mark's mere potential to harm the company's reputation or goodwill is sufficient for it to be deemed a violation; it need not be deceptively similar to cause confusion or manifest loss in the business of the aggrieved party.

In this regard, the Plaintiff's cultural and commercial influence is demonstrated by the assertion that "**HALDIRAM**" is a "**well-known**" brand across India, including West Bengal.

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