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

\+ CS(COMM) 638/2019, I.As. 16180-16182/2019

M/S LIBERTY FOOTWEAR COMPANY

..... Plaintiff

Through: Mr. Kapil Wadhwa and Ms. Deepika, Advs.

versus

M/S LIBERTY FASHION OUTFIT

..... Defendant

Through:

CORAM:

HON'BLE MR. JUSTICE V. KAMESWAR RAO

O R D E R

% 20.11.2019

I.A. 16181/2019 (for exemption)

Exemption allowed subject to all just exceptions.

Application stands disposed of.

I.A. 16182/2019

Let the court fee be filed within one week from today.

Application stands disposed of.

CS(COMM) 638/2019

1. Summons be issued through all modes including *dasti* in the suit to the defendant, returnable on January 20, 2020.

2. Summons shall state that the written statement shall be filed by the defendant within 30 days from the date of receipt of summons. The defendant shall file their affidavit of admission and denial of documents filed by the plaintiff.

3. Replication shall be filed within 30 days of the receipt of the written

statement / documents. The replication shall be accompanied by the affidavit of admission denial of documents filed on behalf of the defendant. If any of the parties wish to seek inspection of any documents, the same shall be sought and given within the time lines.

4. List on January 20, 2020 before Joint Registrar for marking exhibits.

<u>I.A. 16180/ 2019</u>

5. Issue notice on this application through all modes including *dasti* to the defendant, returnable before Court on March 30, 2020.

6. It is the case of the plaintiff that the plaintiff, is a registered partnership firm, which was established in the year 1954 and forms an integral part of "Liberty Group" which includes:

Plaintiff– Liberty Footwear Company (LFC) - Partnership,

M/s Liberty Group Marketing Division (LGMD) - Partnership

M/s Liberty Enterprise (LE) - Partnership

Liberty Shoes Limited (LSL) – Public Limited Company

The plaintiff firm was founded by two sons of Late Sh. Lajja Ram Gupta, namely Late Sh. Dharam Pal Gupta and Late Sh. Purushottam Das Gupta with their nephew Late Sh. Raj Kumar Bansal – First Generation. Liberty Group today has an annual turnover of more than Rs.500 Crores and has spent more than Rs. 150 Crores in the last 10 years on promotional expenditure.

7. It is their case that the plaintiff is the owner & the registered proprietor of the well-known trademark LIBERTY which was coined and adopted in 1954. The well-known mark Liberty, LIBERTY logo etc. have been continuously and uninterruptedly used with respect to

various goods and services included in Classes 03, 25, 18, 35 etc. for more than 6 decades. In the year 2001 the plaintiff firm entered into a Registered User Agreement in respect of the Liberty Logo bearing Trademark Registration no. 594579 in Class 25 vide Agreement dated April 01, 2001 for a period of 3 years. In March 2003 pursuant to a consolidation process within the Liberty Group various Assignment Deeds were executed between partnership firms whereby:

All LIBERTY trademarks and logo's along with goodwill stood assigned to the plaintiff firm; Sub brands of the Liberty Group were transferred to the partnership firm M/s Liberty Group Marketing Division and Industrial designs were transferred to M/s Liberty Enterprises. Therefore, in view of the 2003 assignments the other Liberty Group Partnership firms/entities did not have any rights over the mark LIBERTY for any goods/services.

8. It is the case of the plaintiff, on March 31, 2003 the plaintiff firm entered into an Exclusive License with Liberty Shoes Limited, a public limited company with respect to its trademark LIBERTY under Class 18 & 25 for a period of ten years which expired on March 31, 2013. Upon expiry of the first agreement, on April 03, 2013 an Exclusive License Agreement was entered into between Plaintiff firm and Liberty Shoes Limited for products falling in Class 18 & 25. The License Agreement dated April 03, 2013 stipulated a term of five years commencing from March 01, 2013 with automatic renewal for two terms of five years each. Since 2003 Liberty Shoes Limited is liable to pay a stipulated per cent of its net sales of goods falling under Class 18 and 25 or a Minimum Annual Guarantee as set out in the agreement.

9. It is their case that more than Rs. 52 Crores have been received by the partners of the plaintiff firm as profits received from royalty receipts of Exclusive License Agreement with Liberty Shoes Limited between 2003 & 2017. More than Rs. 165 Crores has been received by plaintiff firm partners through License Arrangement with Liberty Shoes Limited, Liberty Group Marketing Division & Liberty Enterprise between 2003 & 2017.

10. It is the case of the plaintiff, the Defendant, M/s Liberty Fashion Outfits, is a partnership engaged in the manufacture & sale of goods falling under Class 18 and 25 such as purses, bags, belts, socks, etc and is illegally using the brand names LIBERTY FASHION OUTFIT, LFO LIBERTY FASHION OUTFIT etc. Mr. Raman Bansal is one of the partners of the defendant firm. That Mr. Raman Bansal is also a partner of the plaintiff firm and holds a stake in other partnership firms forming a part of the Liberty Group, however he does not have any personal rights in the plaintiff's registered trademark LIBERTY either individually or through the defendant firm. Further, Mr. Raman Bansal also holds key position as Head of Sales & Distribution of Liberty Shoes Ltd., the Exclusive Licensee of the plaintiff. That by virtue of being a family member & partner of the plaintiff firm and an employee holding key position of plaintiff's exclusive licensee, Mr. Raman Bansal is well aware of the plaintiff's exclusive rights in LIBERTY and variations of the LIBERTY mark as well as the Exclusive License granted to his employer Liberty Shoes Limited. That Mr. Raman Bansal, being a partner of the plaintiff firm has also received royalty proceeds to the tune of Rs. 3.38 Crores for

2003-2017 in terms of the Exclusive License Agreement with Liberty Shoes Limited. Mr. Raman Bansal is thus estopped from claiming any rights in the trademark LIBERTY/LIBERTY variations.

11. It is their case, an Internal Regulation dated January 20, 2003 was also signed by majority partners of the plaintiff firm, including Mr. Raman Bansal, wherein it was decided that the plaintiff's Intellectual Property related to the mark LIBERTY, can only be used by a partner in his individual capacity for a competing business subject to the consent in writing of two-third majority and a validly executed License Agreement. In view of the Exclusive License Agreement between Plaintiff and Liberty Shoes Limited for class 18 & 25, no written consent and/or License Agreement can be executed between the defendant and plaintiff firms and therefore, the use of the plaintiff's registered trademarks by the defendant is unlicensed and unauthorised.

12. It is the case of the plaintiff, the defendant firm had first approached the Plaintiff and plaintiff's Exclusive Licensee seeking a License for the use plaintiff's registered trademark LIBERTY. Mr. Raman Bansal acknowledged and accepted that while regulating the use of the plaintiff's registered trademark other family members should also be stopped from using the trademark LIBERTY and a policy needs to be made to prevent misuse of plaintiff's trademark LIBERTY by family members. However through the defendant firm, Mr. Raman Bansal continued to misuse the brand name of the plaintiff to his own benefit. It is alleged that one of the defendant's partner being a family member, the plaintiff firm has tried to amicably settle the issue with the defendant firm, however the same have failed on every occasion. The defendant

firm has been violating the plaintiff's registered trademark LIBERTY in the following manner:

a. Using trade name "LIBERTY Fashion Outfits";

b. Using trade mark "LIBERTY FASHION OUTFT", "LFO" and device mark for leather and fashion accessories;

c. Claiming LFO to be an extension of Liberty Group;

d. Using Plaintiff's registered trademark LIBERTY &corporate bird logo ;

e. Operating a infringing domain name www.libertyfashionoutfits.com.

13. While one very occasion the defendant was seeking a license to use the mark LIBERTY and thus admitting the ownership of the plaintiff in the well-known mark LIBERTY, the defendant has still been violating plaintiff's Intellectual Property Rights. Thus in view of a series of failed settlement discussions the plaintiff is left with no other option but to institute the present suit to restrain the defendant firm from using the identical/deceptively similar mark LIBERTY FASHION OUTFIT, and its trade name M/S LIBERTY FASHION OUTFITS or any other identical/deceptively similar mark/logo for its goods and services so as to result in violation of the statutory and common law rights of the Plaintiff in its well-known trademark LIBERTY.

14. From the aforesaid, it is clear that the plaintiff has made out a prima facie case even the balance of convenience is in favour of the

plaintiff for grant of ad-interim injunction.

15. Accordingly, the defendant, its business associates, partners, directors, principal officers, family members, servants, agents, dealers, distributors, franchisees and anyone acting for and on their behalf are restrained from selling, manufacturing, advertising, promoting or in any other manner using impugned trademark LIBERTY FASHION OUTFITS, and trade name LIBERTY FASHION OUTFITS or any other mark identical/deceptively similar to Plaintiff's well-known trademark LIBERTY, LIBERTY variant marks with respect to goods falling within Class 18 and 25 and any other cognate and allied goods in any manner, so as to result in infringement of Plaintiff's registered trademark LIBERTY. They are also restrained from the passing off or from any act of unfair competition including resulting in confusion of any manner whatsoever.

16. Let the provisions of Order XXXIX Rule 3 be complied within a period of two weeks from today.

V. KAMESWAR RAO, J

NOVEMBER 20, 2019/*aky*