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STARBUCKS CORPORATION V. SARDARBUKSH COFFEE & CO. (2018)

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CITATION: CS (COMM) 1007/2018

BENCH: Justice Manmohan

COURT: Delhi High Court

INTRODUCTION

The case of Starbucks Corporation v. Sardarbuksh Coffee & Co[1]. Represents a significant development in Indian trademark law, particularly in the realm of deceptive similarity and the protection of well-known marks. Decided by the Delhi High Court in 2018, with an interim order on 1 August 2018 and a subsequent settlement approved on 27 September 2018, this dispute underscores the tension between global brands seeking to safeguard their intellectual property and local entrepreneurs attempting to carve out a niche in competitive markets. Starbucks, a multinational coffee chain, accused Sardarbuksh, a Delhi-based start-up, of infringing its trademark through phonetically and visually similar branding, leading to potential consumer confusion. This commentary analyses the factual background, legal issues, court's reasoning, and provides a critical assessment of the judgment's merits and shortcomings, while exploring its future implications for trademark jurisprudence in India.

In an era of globalization, where brands transcend borders, this case highlights the application of Sections 2(1)(h), 11, and 29 of the Trademarks Act, 1999, which prohibit deceptive similarity that could cause confusion or dilution of goodwill. It builds on established precedents like Parle Products (P) Ltd. v. J.P. & Co., Mysore[2], emphasizing holistic comparison of marks from the perspective of an average consumer. The settlement-

[1] *Starbucks Corporation v. Sardarbuksh coffee & co. Cs (comm) 1007/2018. The IP Matters Blog Available at: https://www.theipmatters.com/post/starbucks-coffee-v-sardarbuksh-coffee*

[2] *Products (P) Ltd. v. J.P. & Co., Mysore [1972 AIR 1359] Indian Kanoon – Search Engine for Indian Law. Available at: https://indiankanoon.org/doc/880032/*

driven outcome also illustrates the role of judicial intervention in facilitating amicable resolutions, balancing enforcement with business continuity.

CASE BACKGROUND

Starbucks Corporation, founded in 1971 in Seattle, USA, is a global leader in the coffee industry, operating over 30,000 stores worldwide by 2018. The company entered the Indian market in 2012 through a joint venture with Tata Global Beverages, but its trademarks— "STARBUCKS" (word mark) and a green circular logo featuring a crowned siren (a mythical mermaid-like figure with long hair)—were registered in India as early as 2001 under Class 42 (for restaurant services) and related classes. These marks have acquired substantial goodwill and reputation, recognized as "well-known" under Section 2(1) (zg) of the Trademarks Act, 1999, due to extensive advertising, sales, and global presence.

The defendants, Sardarbuksh Coffee & Co. (later incorporated as Sardar Buksh Private Limited in May 2018), commenced operations in Delhi in 2015. Founded by local entrepreneurs, the chain aimed to offer affordable coffee with an Indian twist, expanding to multiple outlets in the National Capital Region. Their original trademark included the word "SARDARBUKSH" (combining "Sardar," meaning leader or commander in Hindi, and "Buksh," meaning pardon) and a logo depicting a turbaned male figure within a circular black band, with wavy lines extending from the sides. The color scheme was predominantly green, black, and white, mirroring Starbucks' aesthetic. Both entities operated in the same trade— coffee retail and related services—heightening the risk of confusion.

In 2017, Starbucks issued a cease-and-desist letter to Sardarbuksh, alleging infringement. In response, the defendants modified their logo by changing the color scheme to black and yellow, removing some green elements, but retained the name "Sardarbuksh Coffee & Co." and the circular design with a central figure. Unsatisfied, Starbucks filed a suit before the Delhi High Court in July 2018, seeking an interim injunction under Order XXXIX Rules 1 and 2 of the Code of Civil Procedure, 1908, to restrain the defendants from using the disputed mark. Starbucks argued that the phonetic similarity ("Starbucks" vs. "Sardarbuksh," both disyllabic and ending in "bucks/buksh") and visual resemblance (circular logos with central human figures) constituted passing off and infringement, potentially diluting its brand equity.

At the time of filing, Sardarbuksh had two operational outlets and plans for 20 more. The court, presided over by Justice Manmohan, heard the matter on 1 August 2018 and issued an

ex parte interim order, directing the defendants to rebrand their upcoming outlets to "Sardarji Bakhsh Coffee & Co." (adding "ji" for respect and altering "Buksh" to "Bakhsh") while allowing the existing two stores to continue under the old name pending final adjudication. The parties subsequently negotiated, leading to a settlement on 27 September 2018, where Sardarbuksh agreed to fully rebrand all outlets to "Sardarji-Bakhsh Coffee & Co." and was granted locus standi to sue third parties using "Bakhsh" in similar contexts. The suit was disposed of without a full trial, marking a consensual resolution.

LEGAL ISSUES

The primary legal issues in this case revolved around trademark infringement and passing off under the Trademarks Act, 1999:

1. Deceptive Similarity: Whether Sardarbuksh's mark was deceptively similar to Starbucks' registered trademark under Section 2(1)(h), which defines a "deceptively similar" mark as one so resembling another as to likely cause confusion. This involved assessing phonetic, visual, and conceptual similarities holistically, as per the "anti-dissection rule" established in *Amritdhara Pharmacy v. Satya Deo Gupta* [1963 AIR 449].
2. Infringement under Section 29: Starbucks claimed infringement under Section 29(2)(b) (use of similar mark for identical goods/services likely to cause confusion) and Section 29(4) (dilution of well-known mark). The issue was whether the defendants' use constituted unauthorized adoption, exploiting Starbucks' goodwill without due cause.
3. Passing Off: Even absent registration disputes, was there a prima facie case of passing off? This required proving (i) goodwill in Starbucks' mark, (ii) misrepresentation by Sardarbuksh leading to confusion, and (iii) damage or likelihood thereof, as outlined in *Reckitt & Colman Products Ltd. v. Borden Inc.* [1990 1 All ER 873].
4. Interim Injunction Criteria: Under *American Cyanamid Co. v. Ethicon Ltd.* [1975 AC 396] (adopted in India via *Wander Ltd. v. Antox India Pvt. Ltd.* [1990 Supp SCC 727]), the court evaluated prima facie case, balance of convenience, and irreparable harm for granting temporary relief.

5. Defence: Sardarbuksh argued honest adoption, cultural relevance ("Sardar" being a common Indian[3] term), and lack of malice, contending no actual confusion occurred. The court had to weigh these against the plaintiff's prior rights.

These issues were addressed at the interim stage, emphasizing the need for swift protection in trademark matters to prevent market dilution.

ANALYSIS AND COMMENTARY

Court's Reasoning

The Delhi High Court, in its interim order of 1 August 2018, applied a multifaceted test for deceptive similarity, drawing from precedents like National Sewing Thread Co. Ltd. v. James Chadwick & Bros. [AIR 1953 SC 357], which mandates viewing marks from an average consumer's perspective—a person of ordinary intelligence with imperfect recollection. Justice Manmohan noted the phonetic resemblance: "Starbucks" and "Sardarbuksh" share a similar cadence, with both being two-syllable words ending in "bucks/buksh," potentially confusing when spoken or misheard, especially in a noisy retail environment.

Visually, the court compared the logos holistically: both circular with central human figures (siren vs. turbaned man), green-dominant color schemes (pre-modification), and surrounding bands with text. Even post-2017 changes to black and yellow, the structural similarity persisted, risking association. Conceptually, both evoked premium coffee experiences, amplifying confusion in identical trade channels. The court rejected dissection, stating that overall impression matters, not isolated elements.

On infringement and passing off, the court found a prima facie case: Starbucks' well-known status entitled it to trans-border protection, with evidence of goodwill through sales and marketing. Sardarbuksh's use was deemed misrepresentation, likely causing damage via lost sales or reputational harm. Balance of convenience favoured Starbucks, as irreparable injury from dilution outweighed Sardarbuksh's temporary rebranding costs. The partial injunction— allowing existing outlets to continue—reflected proportionality.

The settlement on 27 September 2018 formalized this: full rebranding to "Sardarji-

[3] *Starbucks v. Sardarbuksh (2018). Articles by R. K Dewan*
Available at: https://www.rkdewan.com/articles/true-brew-starbucks-corporation-v-sardarbuksh-coffee-co/

Bakhsh," with mutual concessions on third-party enforcement, disposing the suit under Order XXIII Rule 3 of the CPC.

CRITICAL ASSESSMENT: MERITS AND SHORTCOMINGS

Merits: The judgment's strengths lie in its robust application of trademark principles, reinforcing consumer protection and brand integrity. By prioritizing holistic similarity over literal differences, it aligns with international norms like Article 16 of the TRIPS Agreement, deterring "look-alike" strategies that exploit established goodwill. This is particularly vital in the food and beverage sector, where confusion could affect public health (e.g., quality expectations). The court's encouragement of settlement promotes efficient dispute resolution, reducing litigation burdens in India's overburdened judiciary. Moreover, recognizing Starbucks' well-known status without requiring proof of actual confusion at the interim stage streamlines enforcement for global brands, fostering foreign investment.

The decision also educates on "honest adoption": cultural elements like "Sardar" do not immunize against infringement if overall similarity exists, preventing misuse of local motifs to freeride on foreign marks. This upholds the Act's objective of fair competition.

Shortcomings: Critics argue the ruling may overly favor multinational corporations, potentially stifling local innovation. Sardarbuksh's name drew from Hindi/Urdu roots, arguably reflecting cultural[4] identity rather than deliberate copying. The court's swift interim relief, without a full trial, raises due process concerns—did it adequately consider evidence of no actual confusion or Sardarbuksh's independent creation? In a developing economy like India, such decisions could discourage startups from using vernacular terms, leading to "trademark bullying" where deep-pocketed plaintiffs coerce settlements.

Furthermore, the phonetic test's subjectivity is problematic: "Buksh" vs. "Bucks" might not confuse literate consumers, especially with visual differences post-modification. The judgment underplays cultural context, unlike the Pakistan case Starbucks v. Sattar Buksh (resolved differently, allowing name retention with logo changes). This highlights jurisdictional variances, potentially disadvantaging Indian businesses.

[4] *Starbucks v. Sardarbuksh (2018). Articles by J.P Associates- https://jpassociates.co.in/understanding deceptive-similarity-in-trademarks-a-case-analysis-of-starbucks-corporation-v-sardarbuksh-coffee-co/*

Overall, while meritorious in protecting IP, the decision's shortcomings underscore the need for balanced scrutiny, perhaps incorporating consumer surveys or expert testimony in future cases.

FUTURE IMPLICATIONS

This case sets a precedent for stricter enforcement against deceptive similarity, encouraging timely trademark registration and vigilance via monitoring tools. For global brands, it affirms broad protection, likely increasing suits against local imitators in sectors like food, fashion, and tech. Startups must conduct thorough searches and adopt distinctive branding to avoid pitfalls, potentially boosting IP consultancy.

Judicially, it promotes settlements, easing case backlogs, but may lead to more interim injunctions, pressuring defendants. Legislatively, it highlights gaps in handling cultural trademarks, possibly inspiring amendments to Section 11 for nuanced defences. In the digital age, with e-commerce amplifying confusion, courts may expand "well-known" criteria, influencing cases like *Amazon Seller Services Pvt. Ltd. v. Amway India Enterprises Pvt. Ltd.* [2020 SCC OnLine Del 454].

Broader implications include economic: stronger IP protection attracts FDI, but overprotection could hinder MSMEs. As India integrates into global trade, this judgment aligns with WTO obligations while prompting reflection on equity between Davids and Goliaths.

CONCLUSION

Starbucks Corporation v. Sardarbuksh Coffee & Co. exemplifies the judiciary's role in safeguarding trademarks amid globalizations. Through its reasoned interim order and facilitated settlement, the Delhi High Court protected Starbucks' goodwill while allowing Sardarbuksh to continue under a modified name, striking a pragmatic balance. However, the case invites critical reflection on power imbalances in IP disputes. Future jurisprudence should refine similar tests to accommodate cultural nuances, ensuring trademark law fosters innovation without undue bias. Ultimately, this decision reinforces that trademarks embody reputation[5], copying those risks not just legal sanctions but erosion of market trust.

[5] *Starbucks v. Sardarbuksh (2018). Available at Share and Discover Presentation. https://www.slideshare.net/slideshow/starbucks-corp-v-sardarbuksh-coffee-co/268762262*