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INTELLECTUAL PROPERTY RIGHTS

Delhi HC Quashes ₹12 Lakh Cost in VI-John v. Dabur, Holds Procedural Penalties Must Be Proportionate

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Introduction

In a significant ruling that reiterates the importance of judicial discretion and proportionality in procedural matters, the Delhi High Court has set aside a cost of ₹12,00,000/- imposed on Vi-John Healthcare India LLP by the Trial Court. The cost had been levied for a 48-day delay in filing a Written Statement in a trademark infringement suit filed by Dabur India Ltd. The judgment reiterates the importance of judicial discretion, proportionality, and consideration of subsequent developments in procedural matters.

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Background of the Dispute

The case Vi-John Healthcare India LLP v. Dabur India Limited [CM(M)-IPD 15/2025] revolves around allegations by Dabur that Vi-John's toothpaste packaging was deceptively like Dabur's Meswak toothpaste. Dabur also objected to Vi-John's use of the term "MISWAK" on its packaging, which it claimed infringed on its mark and amounted to unfair competition.

Pursuant to a previous direction (the "**First Impugned Order**") issued by the Trial Court, Vi-John was required to file its Written Statement within 30 days, failing which it would be liable to pay ₹25,000/- per day of delay.

When Vi-John eventually filed its response with a delay of 48 days, the Trial Court, referring back to its earlier order, imposed a cost of ₹12,00,000/-. Vi-John challenged this order before the High Court, explaining that the delay was due to ongoing efforts between the parties to resolve the dispute amicably.

High Court's Observations and Reasoning

Justice Tejas Karia, presiding over the matter, held that the imposition of the cost was not only harsh but also disproportionate and legally unsustainable. The Court observed that the First Impugned Order, though stern, was not intended to be binding in all future circumstances regardless of context. It was meant to promote procedural discipline, not to curtail judicial discretion.

The High Court emphasized that even if an earlier order imposes strict consequences for delay, it does not preclude the Trial Court from evaluating subsequent developments and condoning the delay if justified. Justice Karia noted:

"Although the First Impugned Order states that the same is final insofar as it relates to imposition of cost... there is no absolute bar on the learned Trial Court to consider the subsequent developments and condone the delay if justifiable grounds are made out."

Significantly, the High Court pointed out that the Trial Court had failed to appreciate the disproportionate nature of the penalty. Dabur's primary relief in the suit was for ₹2,50,000/- in damages. Imposing a procedural cost nearly five times the claimed amount was held to be excessive and unjust.

Proportionality in Judicial Decisions

One of the central themes of the judgment is the importance of proportionality in judicial decision-making. The High Court noted that Dabur's main relief in the suit was for ₹2,50,000/- in damages, whereas the procedural cost imposed was nearly five times that amount. The Court held that costs and penalties should not overshadow the substantive relief sought or impose an undue burden when delays are supported by bona fide reasons.

The Court further stated:

"It is incumbent upon the Court to examine the facts and submissions without being influenced by the previous orders... The Court should at least examine the grounds made out for delay and cannot brush it aside only on the ground that the previous

order was binding.”

Conclusion

This ruling serves as an important precedent on two fronts: first, reaffirming that procedural orders, especially those prescribing costs for delay, must be applied flexibly in light of changing circumstances; and second, highlighting that judicial discretion should always be exercised to achieve fairness, not merely procedural compliance.

By setting aside the ₹12 lakh cost, the Delhi High Court has sent a strong message in favour of balanced adjudication, one that respects both procedural timelines and the practical realities of litigation.

Authors Opinion

In my view, the Delhi High Court’s decision strikes the right balance between procedural discipline and judicial fairness. While timely compliance is essential in litigation, the imposition of ₹12 lakh as cost, when the main relief sought was only ₹2.5 lakh, was clearly excessive, especially given that the delay was well within the statutory 120 day limit and due to genuine settlement efforts. Justice Tejas Karia’s ruling rightly emphasizes that courts must consider the broader context and not apply earlier orders rigidly. This judgment is a reminder that procedural rules are meant to serve justice, not obstruct it, and that judicial discretion must always be exercised with fairness and proportionality in mind.

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