

(2022) 06 DEL CK 0110

In the Delhi High Court

Case No : First Appeal From Order (COMM) No. 94 Of 2022

Alkem Laboratories Ltd

APPELLANT

Vs

M/S Laborate Pharmaceuticals India Ltd & Anr.

RESPONDENT

Date of Decision : 17-06-2022

Acts Referred:

Code Of Civil Procedure, 1908 — Section 151, Order 39 Rule 1, Order 43 Rule 1(r),
Order 39 Rule 2, Order 43 Rule 2, Order 39 Rule 4
Commercial Courts Act, 2015 — Section 13
Copyright Act, 1957 — Section 17

Citation : (2022) 06 DEL CK 0110

Hon'ble Judges : Jyoti Singh, J;Anoop Kumar Mendiratta, J

Bench : Division Bench

Advocate : Chander M. Lall, Sagar Chandra, Ishani Chandra, Ankita Seth, Sanya Kapoor, Ravindra Raturi, Sanjeev Sindhvani, J. Sai Deepak, Siddharth Bambha, Rachit Shrivastav, Chirag Ahluwalia

Final Decision : Disposed Of

Judgement

Jyoti Singh, J

CM APPL. 28374/2022 & 28375/2022 (Exemption)

Allowed, subject to all just exceptions.

Applications stand disposed of.

FAO (COMM) 94/2022 & CM APPL. 28373/2022

1. Present appeal has been filed under Order 43 Rules 1(r) and 2 CPC read with section 13 of the Commercial Courts Act, 2015, assailing the orders dated 30.05.2022 and 09.06.2022, passed by the learned Trial Court in CS(COMM) No. 394/2022. Appellant herein is the Defendant in the suit and Respondent No.1 is the Plaintiff. The parties are hereinafter referred to by their litigating status in the present appeal.

2. Respondent No.1 (hereinafter referred to as the 'Respondent') filed a suit against the Appellant, alleging infringement of trademark and copyright as well as passing off with respect to its registered trademark 'LABDIC RELIEF' and packaging thereof as well as unfair competition, dilution, etc. in respect of product being 'pain relieving' tablets. Vide order dated 30.05.2022, an ex parte ad-interim injunction was granted by the Trial Court restraining the Appellant from manufacturing, selling or dealing in pharmaceutical preparations under the impugned mark 'ALDIGESIC PAIN RELIEF' or any other mark similar to the mark of the Respondent. Appellant was also restrained from using its trade dress/product packaging and the blister packaging, alleged to be similar to Respondent's packaging under 'LABDIC RELIEF'.

3. Upon being served, Appellant filed an application under Order 39 Rule 4 CPC seeking setting aside of or vacating/varying the order dated 30.05.2022. An application was also filed under section 151 CPC for permission to sell its existing stock, amongst other reliefs.

4. The learned Trial Court vide order 09.06.2022 declined to vacate the interim injunction, clarifying, however, that Appellant was not restrained from dealing in products bearing the trademark 'ALDIGESIC' and rejecting the prayer for sale of the existing stock.

5. Extensive arguments have been addressed by learned Senior Counsels for the parties on the merits of the impugned orders. Contentions raised on behalf of the Appellant are inter alia that: (a) the ex-parte injunction was obtained by suppression of material facts, particularly that Appellant is the prior registrant of its trademark 'ALDIGESIC' (word) as against Respondent's registration for 'LABDIC RELIEF' (word); (b) Respondent suppressed that the Appellant has been using the trademark 'ALDIGESIC' since 2010 continuously and extensively; (c) packaging of Appellant's product, i.e., pain relieving tablets, sold under the mark 'ALDIGESIC PAIN RELIEF' and that of Respondent's product sold under the mark 'LABDIC RELIEF' are palpably different and distinct with marked differences; (d) there are stark differences between the rival cartons and blister strip packaging; (e) Respondent cannot claim monopoly over the colour of the packaging, especially when the 'red' colour is common to trade; and (f) the word 'RELIEF' is generic and descriptive to pain relief tablets and common to trade, used to describe the character of the product as a general descriptor and no proprietary rights can vest in the Respondent, to its exclusive use.

6. Preliminary objection is raised on behalf of the Respondent with regard to maintainability of the appeal on the ground that the relief of selling the existing stock was sought by the Appellant in an application filed under section 151 CPC and no appeal lies against an order passed under the said provision. On merits, the contentions, as articulated by the learned Senior Counsel are: (a) Respondent adopted the trademark 'LABDIC RELIEF' for manufacturing and marketing pain killer tablets in the year 2001, packaged in a unique and artistic

dispenser pack, which has a glossy holographic background prominently displaying the trademark 'LABDIC' below which the mark 'RELIEF' is written upfront in a bold eye catching gold font and a blister pack, the front of which is completely red with a vertical gold strip on one corner and rear of which has a golden foil on which the mark LABDIC RELIEF is written in a distinctive manner against a maroon backdrop; (b) Respondent is a registered proprietor of the wordmark 'LABDIC RELIEF' and the registration is valid and subsisting; (c) the distinctive features of Respondent's trade dress/product packaging are a subject matter of copyright and Respondent is the first owner of the copyright under Section 17 of the Copyright Act, 1957; (d) Appellant's impugned product is from the same family of pain relievers packaged and sold in deceptively similar trade dress/product packaging with identical features, with an intent to confuse the customers and encash on the immense goodwill and reputation of the Respondent; (e) misrepresentation by the Appellant is bound to deceive the customers as the products are identical and the trading channels and class of customers are same and is calculated to cause damage and injury to Respondent's business and goodwill; and (f) unauthorised use of similar trademark/trade dress/product packaging by the Appellant amounts to infringement and passing off, unfair competition and dilution etc.

7. Before proceeding further, we may pen down that during the course of hearings, proposals and counter proposals were exchanged between the parties. Appellant offered to revise the packaging etc. and gave several options to the Respondent in order to put a quietus to the litigation. However, despite efforts, settlement could not be arrived at.

8. We have heard learned Senior Counsels appearing on behalf of the parties at length.

9. The applications under Order 39 Rules 1 and 2 CPC and Order 39 Rule 4 CPC are indubitably pending consideration before the learned Trial Court and pleadings are yet to be completed. Thus, we are consciously not entering into the merits of the case and leave it to the Trial Court to decide the applications after the pleadings are complete, lest it prejudices either side before the Trial Court. We request the Trial Court to take up the applications for hearing on 02.07.2022, the date already fixed, on an assurance by learned Senior Counsels for the parties that pleadings shall be completed before the said date. If for any reason, the applications cannot be heard on the said date, Court shall endeavour to hear the applications on a short date and as expeditiously as possible.

10. We may now deal with the argument of the learned Senior Counsel for the Appellant, put forth very emphatically that the existing stock worth about Rs.90 lakhs be permitted to be sold, without prejudice to the rights and contentions of the parties before the Trial Court.

11. The aforesaid prayer is opposed by learned Senior Counsel for the Respondent with equal vehemence. It is submitted that the Trial Court, while

granting ex parte injunction, has rendered a prima facie finding that the Appellant's product, which is also a pain killer, is being sold in a packaging/ trade dress, which has similar colour combination, get-up, design, etc. including the similarity in the blister packs in terms of colour combination, etc. For this reason, the Court declined to vacate the interim injunction, save and except to the extent of a limited clarification and also rejected the prayer for sale of the existing stock. If the Appellant is allowed to sell the existing stock, this would amount to selling infringing goods in the market. It is also highlighted that the product in question is a pharmaceutical preparation, in respect of which the threshold of the test of confusion is lower and as held by the Supreme Court in *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*, (2001) 5 SCC 73, stringent standards must be applied in permitting the sales of pharmaceutical products.

12. First and foremost, we may examine the objection raised by the Respondent with regard to maintainability of the present appeal. A perusal of the impugned order dated 09.06.2022, wherein the learned Trial Court has rejected the prayer of the Appellant to sell the existing stock, clearly indicates that the order has been rendered under Order 39 Rule 4 CPC. While it is a matter of record and cannot be disputed that the prayer for sale of existing stock was made in an application under section 151 CPC, however, the decision thereon has been rendered as a part of the order under Order 39 Rule 4 CPC, treating the said relief as an ancillary and/or alternate interim relief. It is not the case of the Respondent that it has challenged the said order on this ground. No objection is raised with regard to maintainability of the appeal under Order 43 Rule 1(r) against orders passed under Order 39 Rules 1 and 2 CPC and Order 39 Rule 4 CPC and rightly so. Section 13 of the Commercial Courts Act clearly provides that an appeal shall lie from such orders passed by a Commercial Division or a Commercial Court that are specifically enumerated under Order 43 of CPC. Order 43 Rule 1(r) provides that an appeal shall lie from an order under Order 39 Rules 1 and 2 and Rule 4 CPC. Therefore, in our considered view the objection has no merit and cannot be sustained.

13. The limited and the only issue that this Court is now required to consider is whether the Appellant should be permitted to sell the existing stock. During the course of hearing, we were apprised that the competing product is a pain reliever sold under prescription, being a Schedule 'H' drug. Having carefully considered the matter and without touching on the merits of the rival claims, we are of the view that balance of equities would be maintained between the parties if the Appellant is permitted to sell the existing stock, which is worth Rs.90 lakhs. We are persuaded to grant this permission on account of the fact that the subject product is a pain reliever and a 'Schedule-H' drug and there is no dispute on the quality of the Appellant's product. In fact, it is pertinent to note that on a pointed query by the Court with respect to the quality of the product of the Appellant, learned Senior Counsel for the Respondent fairly and candidly states that the quality of the impugned product cannot be questioned. Therefore, even the

public interest would be sub-served if the product of the Appellant is allowed to be sold in the market. We are fortified, in our view, by judicial precedents in this regard, where even in matters relating to pharmaceutical products, Courts have been holding that in some instances, a prima facie case or even a strong case of infringement in favour of one party can be off-set by an interim arrangement, which balances the equities between the parties and maintains public interest and Defendants have been granted permission to sell the existing stock, subject to maintaining a record of the sales for computing a claim of damages, if the Plaintiffs were to finally succeed. In FAO(OS) 446/2014 titled Lupin Limited v. Sun Pharma Laboratories Limited & Anr., a Division Bench of this Court modified the impugned order of injunction to enable the Appellant/Defendant to exhaust the existing stock and the factors which weighed with the Court are discernible from para 5 of the order, subject to a caveat that the Appellant shall file an affidavit enclosing the stock statement, certified as authentic by a responsible officer of the Appellant Company. In Sun Pharma Laboratories Ltd. vs. Ajanta Pharma Ltd., 2019 SCC OnLine Del 8443 and Saga Lifesciences Limited vs. Aristo Pharmaceuticals Pvt. Ltd. and Another, 2022 SCC OnLine Del 1351, learned Single Judge of this Court has permitted the Defendants therein to sell the existing stock while granting injunctions in favour of the Plaintiffs in matters relating to infringement and passing off in respect of pharmaceutical products, in order to balance the equities.

14. In view of the aforesaid, the learned Trial Court is not justified in declining the relief of sale of the existing stock to the Appellant and the order dated 09.06.2022 requires modification to this extent. Appellant has already placed on record before the Trial Court a statement and inventory of the existing stock containing details of Batch nos.; Product Name; Storage Location; Plant Name; Expiry Date; Stock Quantity; and remaining shelf life, etc., which are also a part of the Appeal before this Court. Accordingly, it is directed as follows:

- a). Appellant shall file an affidavit in this Court, within one week from today, detailing the existing stock of the product in question along with the total value of the stock as well as an undertaking that it shall only exhaust the existing stock till any further order by the Trial Court in its favour; and
- b). The entire account of sales of the existing stock sold from various locations, with dates of sales, shall be filed on record of the learned Trial Court, by way of an affidavit of an authorised signatory of the Appellant Company.

15. The order of the learned Trial Court dated 09.06.2022 is modified to the above extent.

16. The above interim arrangement is without prejudice to the rights and contentions of the parties before the learned Trial Court. It is made clear that this Court has not expressed any opinion on the merits of the case and the learned Trial Court is at liberty to decide the issues raised before it without being influenced by any observations made in this order.

17. The appeal is disposed of along with pending application, in the above terms.
18. No orders as to costs.