

**(2010) 09 DEL CK 0179**  
**In the Delhi High Court**  
**Case No : FAO (OS) No. 385 of 2008**

Cadila Healthcare Ltd.

APPELLANT

Vs

Diat Foods (India)

RESPONDENT

**Date of Decision :** 29-09-2010

**Acts Referred:**

Civil Procedure Code, 1908 (CPC) — Order 39 Rule 1, Order 39 Rule 2  
Trade Marks Act, 1999 — Section 12

**Citation :** (2010) 173 DLT 141 : (2010) 44 PTC 318

**Hon'ble Judges :** Valmiki J Mehta, J; Sanjay Kishan Kaul, J

**Bench :** Division Bench

**Advocate :** Pratibha M. Singh, Bitika Sharma and Manav, for the Appellant;  
Ashish Mohan, for the Respondent

**Final Decision :** Allowed

## **Judgement**

Sanjay Kishan Kaul, J.—The appellant filed a suit for permanent injunction restraining passing off of the trademark "SUGAR FREE", its dilution, damages and rendition of accounts, delivery up, etc. The appellant claimed that in the year 1988, a low calorie table-top sweetener without natural sugar containing an artificial sweetener was introduced under the trademark "SUGAR FREE". This product contained "Aspartame" which contains only 2% of its calories. The applications filed for registration of the trademark were pending. The sales have been large and from 1988 onwards, around Rs. 216.40 crores sales have occurred.

2. The appellant alleged that the respondent had introduced "Sugar Free Cookies" with "SUGAR FREE" written in big size fonts in bright red colour. It is this "SUGAR FREE", which has been emphasized while "Cookies" is written in a small running font size in a pale brown colour so as to make it almost unreadable. The respondent is stated to have filed an application for registration of the trademark "SUGARLESS" and / or "SUGARLESS Bliss". The packaging of the respondent also states that the product had been "Sweetened with Splenda

Brand". The "Splenda Brand" is actually a competitor of the "SUGAR FREE" product of the appellant. This "Splenda" is also written in small letters.

3. The appellant along with the suit filed an application under Order XXXIX Rules 1 and 2 of the Code of Civil Procedure, 1908 ( hereinafter to be referred to as, "the said Code") and ad interim ex-parte order was granted on 05.02.2008 restraining the respondent from using the trademark "SUGAR FREE" as a brand-name or any other mark, which is identical or deceptively similar to the appellant's mark.

4. The respondent entered appearance and contested the suit and the injunction application. The application for interim injunction has been dismissed with costs vide the impugned order dated 09.07.2008, which has been assailed in the present appeal.

5. We may state at this stage that the appellant has initiated more than one proceeding against different parties arising from its claim of exclusive right to use the trademark "SUGAR FREE".

6. In Cadila Healthcare Ltd. Vs. Gujarat Co-operative Milk Marketing Federation Ltd. and Others, learned Single Judge of this Court examined the aspect of the claim for exclusive use of the trademark "SUGAR FREE". The defendant in that suit while packaging its product, namely, "Pro Biotic Frozen Dessert" had used the expression "SUGAR FREE". The appellant as plaintiff alleged that the expression "SUGAR FREE" had been used on the packaging not in a descriptive sense, but as part of the defendant's trademark "Amul". The font size adopted for the expression "SUGAR FREE" on the packaging of the defendant was alleged to be likely to mislead potential customers into believing that the product being "Pro Biotic Frozen Dessert" is related to the appellant / plaintiff "SUGAR FREE" range of products.

7. Learned Single Judge found that the material placed on record prima facie established the popularity of the "SUGAR FREE" range of products amongst the traders and consumers giving a good reason for the Court to assume that the trademark "SUGAR FREE" had acquired a considerable degree of distinctiveness amongst traders and consumers. However, the acquisition of a secondary meaning by a trademark or the distinctiveness associated with it is not ipso facto conclusive of an action of passing off. The defendants were found to have used "Amul" as trademark before the expression "SUGAR FREE". There was no perceptible similarity between the two different packaging, but what caught the attention of learned Single Judge was the manner in which the expression "SUGAR FREE" had been displayed on the packaging of the defendant's product. Despite the fact that "Amul" was the trademark of the defendant, it was written in comparatively much smaller font than the word "SUGAR FREE", which was more conspicuous by their larger fonts. The expression "Pro Biotic Frozen Dessert" had again been written in comparatively smaller size. The entire get up in the defendant's packaging was such that the focus was on the "SUGAR FREE"

so much so that the defendant's trademark "Amul" was completely overshadowed. It is in these circumstances that learned Single Judge found that if the defendant's plea that it has used the expression "SUGAR FREE" only in descriptive sense was to be believed, then there was no justification for the defendant to have chosen to focus only on the expression "SUGAR FREE" when the expression "Pro Biotic" could equally be used as a descriptive sense in relation to its frozen products.

8. We would like to reproduce the following two paragraphs which summarize the reasoning of learned Single Judge:

55. To sum up, even though the petitioner has prima facie been successful in establishing the distinctiveness of its trade mark "Sugar Free" in relation to its products, it has not been able to satisfy this Court why an embargo should be placed on the defendant from absolutely using the expression "Sugar Free", especially when the defendant has prima facie satisfied this Court of its bona fide intention to use the said expression not as a trade mark but only in its descriptive or laudatory sense. However, even as any possibility of the defendant trying to dishonestly pass off its products as those of the plaintiff stands ruled out, I have a predilection that the overwhelming impact of the expression "Sugar Free" on the packaging of the defendant's product may lead to some confusion. Such confusion, though not rooted in deception or malice on the part of the defendant, and further, such confusion, though less likely to manifest owing to the well-informed consumer base of the plaintiff's products, nevertheless, carries a fair risk of misleading the consumers of the plaintiff into believing that its sweetener has been added as an ingredient in the defendant's Pro Biotic Frozen Dessert.

....

58. Although a conclusive decision in the present case can be made only after evidence is led and the case is adjudicated upon merits, as of now, I am of the prima facie view that no imminent injury is likely to be caused to the plaintiff if the defendant is allowed to use the expression "sugar free" on the packaging of its product. To balance equities, the only solace which this Court can afford to the plaintiff at this stage is to restrain the defendant from using the expression "Sugar Free" in the present manner, which, though prima facie does not appear deceptive, carries a certain tinge of appropriateness in it. Having said that, it is clarified that the defendant is free to use the expression "Sugar Free" in any other manner which allows it to describe the special attributes of its product Pro Biotic Frozen Dessert without leaving any scope for confusion.

(emphasis supplied)

9. The aforesaid judgment has, in fact, been noticed by learned Single Judge in the impugned judgment while considering the factum of "SUGAR FREE" being a generic expression and having no claim of distinctiveness by itself. This judgment had been discussed in detail in the impugned judgment and learned Single Judge

found that there was no reason to have a relook. Learned Single Judge, however, found in the impugned judgment that there was enough added matter therein to distinguish the respondent's products from those of the appellant as it was the case of passing off while noticing that "SUGAR FREE" was printed on the packaging in large font and is immediately noticeable. However, the factum of both "SUGARLESS Bliss" and "Sweetened with Splenda" having been used, an adverse finding had been arrived at against the appellant.

10. Learned Single Judge, however, in the impugned order did not have the benefit of consideration of the judgment of the Division Bench of this Court in appeal directed against the judgment of learned Single Judge in Amul's case - Gujarat Co-operative Milk Marketing Federation Ltd. & Ors. case (supra). The impugned judgment was delivered on 09.07.2008, while the Division Bench subsequently pronounced the judgment in appeal in Amul's case on 08.09.2009. However, before we discuss that judgment in appeal, we may notice that the consequence of adoption of the mark "SUGAR FREE" by other parties form the subject matter of discussion in two other orders of the Division Bench. Both these orders have been passed on 12.09.2008. These are Cadila Health Care Ltd. Vs. Dabur India Ltd., and Cadila Health Care Ltd. v. Shree Baidyanath Ayurved Bhawan Pvt. Ltd. 2008 (4) RAJ 611. In both these appeals, a finding was reached that the use of the expression "SUGAR FREE" was not carried out in such a manner as for the purchasing public to perceive it as a product of the appellant. The expression "SUGAR FREE" was written in smaller font as compared to the expression "Chyawanprash" in Dabur India Ltd.'s case (supra) and the trademark of the respondent Dabur India Ltd. was prominently displayed. Similarly, the expression "SUGAR FREE" was written in the same font as the expression "Chyawanprash" with "Special Granules" in Shree Baidyanath Ayurved Bhawan Pvt. Ltd.'s case (supra).

11. Now, coming to the judgment in appeal against the Amul's case aforesaid, a Division Bench of this Court in Cadila Healthcare Ltd. Vs. Gujarat Co-operative Milk Marketing Federation Ltd. and Others, has analysed in detail the judgment of learned Single Judge. A finding was reached that the appellant's trademark "SUGAR FREE" cannot be said to be a coined word and was at best a combination of two popular English words. Such adoption naturally entails the reason that others in the field would also be entitled to use such phrases provided no attempt is made to ride on the band wagon of the appellant's indubitably market leading product "SUGAR FREE". The expression "SUGAR FREE" was, thus, held to be at best distinctive qua the artificial sweetener of the appellant and the appellant could not claim distinctiveness in the expression "SUGAR FREE" in relation to all its products as it was inherently incapable of becoming distinctive of the product of the appellant. The Division Bench also considered the aspect whether the expression "SUGAR FREE" could be said to have acquired a secondary meaning and came to the conclusion that it could not be held to have acquired such distinctiveness qua the food products in general, which may bar its user at least in a descriptive sense by any other competitors in

the field of food products. Though learned Single Judge had found the distinctiveness acquired qua the artificial sweetener of the expression "SUGAR FREE", the same was not sufficient enough to deny the respondent the descriptive use of the phrase "SUGAR FREE". Thus, a conclusion was reached that the respondent could not be restrained from absolutely using expression "SUGAR FREE" particularly in the descriptive sense. Simultaneously, it was made clear that if any party enters into the domain of an artificial sweetener with the trademark "SUGAR FREE", the appellant may have a just cause in seeking restraint.

12. The important aspect is that the Division Bench found that the grievance of the appellant had been adequately redressed by the restriction on the size of the font by learned Single Judge, which adequately insured that no connection with the appellant was indicated and the possible figuring of the appellant's product as the ingredients of the respondent's product is discounted and the usage of appellant limited to the descriptive sense. The contention of the respondent that there can be no restraint of any kind on the font for the use of the phrase "SUGAR FREE" was not accepted at the interim stage.

13. We have discussed the past precedents in respect of the expression "SUGAR FREE" because we are faced with a similar situation in the present case while considering what interim arrangement has to be arrived at. It goes without saying that the objective of an interim arrangement under Order XXXIX Rules 1 and 2 of the said Code is to have a balanced arrangement till trial is complete. The trial in the present case is stated to be going on. We are, thus, of the considered view that we should be guided by the orders of the Division Bench and learned Single Judge referred to aforesaid (Amul's case) Gujarat Co-operative Milk Marketing Federation Ltd. & Ors.'s case (supra).

14. Learned Counsel for the appellant faced with this position could not really submit anything beyond contending that even at this interim stage, the use of the expression "SUGAR FREE" should be in such a manner as to be descriptive as is the case of the respondent. We, thus, put to Learned Counsel for the respondent as to whether the respondent was willing to change the carton in a manner where equal prominence could be given to the mark "SUGARLESS Bliss" and "Sweetened with Splenda" as was sought to be given to "SUGAR FREE" so that "SUGAR FREE" was used really in a descriptive sense. The respondent was, however, only willing to reduce the size of "SUGAR FREE" slightly and further agreed that the word "SUGAR FREE" would be used in the same colour scheme as the remaining packaging and not in a separate prominent colour, but categorically stated that the respondent was not willing to put the three expressions at par or give equal prominence to the three. In these circumstances, we have analysed the limited aspect in appeal.

15. In order to appreciate the aforesaid, we are first reproducing the original cartons, which are as under:

16. The respondent brought to us a modified carton, which gave a greater prominence to the trademark "SUGARLESS Bliss", while reducing the expression "Sweetened with Splenda" and not making a major change in the expression "SUGAR FREE". The said carton is as under:

17. We are of the considered view that following the line of the Judgments of the Division Benches in the cases referred to aforesaid that the use of the word "SUGAR FREE" in descriptive sense or otherwise cannot be restricted though it should be used in a manner so as to avoid confusion by not indicating a connection with the product of the appellant. The Division Bench in Cadila Healthcare Ltd. case (supra) found that there could not be any restraint on the expression "SUGAR FREE", particularly, in the descriptive sense but simultaneously came to the conclusion that the grievance of the appellant had been adequately redressed by the restriction on the size of font by the learned single Judge so as to ensure that no connection with the appellant was indicated and the possible figuring of the appellant's product as the ingredient of the respondent's product is discounted. The claim of the respondent to be able to use the phrase "SUGAR FREE" in any font whatsoever was not accepted at the interim stage. We are not able to agree with the conclusion arrived at in the impugned Judgment that the packaging as made had enough added matter to distinguish the respondent's product from those of the appellant. The use of the word "SUGAR FREE" in the packaging of the respondent cannot be said to be purely descriptive sense when on the one hand the respondent is using a competitor low calorie Sweetner "Splenda" for cookies and claims to have applied for registration of its trademark "SUGARLESS Bliss" and simultaneously the only thing prominent in the packaging is "SUGAR FREE". The respondent cannot be said to have been motivated by bonafide commercial considerations as even in the modified packaging it only seeks to balance "SUGARLESS Bliss" and "Splenda" by increasing the size of one and decreasing the other's while maintaining the prominence of "SUGAR FREE" in more or less similar font size. In our view, it would clearly convey a connection with the product of the appellant and not to merely use it in a descriptive sense. There can't, thus, be a premium to a dishonest commercial intention by seeking to cause confusion and deception. The balance would have to be maintained, thus, in the font size and prominence of "SUGAR FREE" to ensure what the customer perceives that these are cookies of the brand "SUGARLESS Bliss" with "Splenda" used as an ingredient and the expression "SUGAR FREE" only indicates that it is sans sugar.

18. We also draw support for this course of action from the judgment of a Division Bench of this Court in Goenka Institute of Education and Research v. Anjani Kumar Goenka and Anr. 2009 AIR (Del) 139 wherein the dispute related to use of the expression "Goenka" as trademark and / or trade-name. The aspect of honest concurrent use was examined. Section 12 of the Trademarks Act, 1999 reads as under:

12. Registration in the case of honest concurrent use, etc. -- In the case of

honest concurrent use or of other special circumstances which, in the opinion of the Registrar, make it proper so to do, he may permit the registration by more than one proprietor of the trademarks which are identical or similar (whether any such trademark is already registered or not) in respect of the same or similar goods or services, subject to such conditions and limitations, if any, as the Registrar may think fit to impose.

Analysing the aforesaid section, it was observed that the doctrine of honest concurrent use requires that (i) the adoption must be honest; and (ii) the concurrent use of the trademark with another trademark. Apart from these two aspects, there is also third salient feature for applicability of this doctrine which is that the conditions and limitations can be imposed by the Registrar of Trademarks while allowing registration of one or more trademark, which is identical or similar in case there is found a case of honest concurrent use. The object is that if there are similar trademarks in the market, then in such circumstances, in order to ensure that there is no confusion amongst the public, directions can be issued to ensure that the public in general do not confuse the goods and services of one trademark with that of another at the same time allowing rival traders, who have carried on their business under their trademarks because such trademarks have been used by both such persons for such time that it has become distinctive qua such traders. The aforesaid logic will also apply afortiori when the mark of the plaintiff is used by the defendant though not as trademark, and allegedly in the descriptive sense, but since qua the market of goods, the purchasing public is a vital stakeholder, this Court can akin to the powers u/s 12 give directions for use so that there is no confusion exists for the public.

19. The endeavor of this Court is also to ensure that while "SUGAR FREE" can be used as a descriptive word or otherwise without any hindrance, appropriate restrictions are put so that there is no chance of deception or confusion with the plaintiff's products.

20. We are, thus, of the view that the three expressions - "SUGAR FREE", "SUGARLESS Bliss" and "Splenda" should be used in equal prominence and no extra prominence should be given to "SUGAR FREE". The font size of "SUGAR FREE" can hardly be expected to be larger than of "SUGARLESS Bliss" or the expression "Sweetened with Splenda". We are not insisting that all the three must be used in identical font size as in designing a packaging an artistic balance has to be maintained, but suffice to say that in whatever prominence and font size "SUGARLESS Bliss" and "Sweetened with Splenda" are used (they can be of different prominence or sizes), "SUGAR FREE" should not be used in a more prominent manner / font size as is sought to be done even in the proposed modified carton.

21. The result of the aforesaid is that the impugned order is modified in the following terms:

- (i) There is no restraint on the respondent using the expression "SUGAR FREE".
- (ii) The expression "SUGAR FREE" should not be used with greater prominence and a larger font size than the trademark "SUGARLESS Bliss" and "Sweetened with Splenda".
- (iii) The grant of costs of Rs. 50,000/- in the impugned judgment is set aside.

22. The respondent is granted 30 days" time to exhaust the existing stock of the packaging.

23. The appeal is accordingly allowed to the limited extent aforesaid leaving the parties to bear their own costs.

24. Needless to say, any opinion expressed in this Order is only for the purpose of disposal of the interim application and will not influence the final judgment in any manner.