

(2013) 04 DEL CK 0288
In the Delhi High Court
Case No : CS(OS) 122/2011

Cadila Healthcare Ltd.

APPELLANT

Vs

Medipol Pharmaceutical India Pvt. Ltd.

RESPONDENT

Date of Decision : 23-04-2013

Acts Referred:

Citation : (2014) 58 PTC 650

Hon'ble Judges : G.S. Sistani, J

Bench : Single Bench

Final Decision : Disposed Off

Judgement

G.S. Sistani, J.—Plaintiff has filed the present suit for permanent injunction restraining infringement of trade mark "PANTODAC", passing off, dilution, damages, rendition of accounts, delivery up, etc. against the defendants. Summons in the suit and notice in the application under Order XXXIX Rules 1 and 2 were issued on 01.02.2011 and on the same day an ex parte ad interim injunction was also granted in favour of the plaintiff whereby defendant no. 1 was restrained from using the trademark "PANDOPOL" or any other mark which is identical or deceptively similar to the plaintiff's registered trademark "PANTODAC". Written statement was filed by the defendants on 07.05.2011. Admission/denial of documents was completed on 12/12/2011. None appeared for the defendants on 12.04.2013 as also on 29.10.2013 on which date the interim order dated 01.02.2011 was made absolute till the disposal of the suit and the defendants were proceeded ex pane,

2. Plaintiff has filed affidavit by way of evidence of PW-1, Mr. Mehul Pathak, General Manager (Legal) of the plaintiff company. PW-1 in his affidavit by way of evidence has deposed that the Plaintiff is a well known company in India engaged in the manufacturing and marketing of various drugs, pharmaceutical formulations, vaccines and other related products. He has further deposed that the Plaintiff has proven expertise in manufacturing and marketing different dosage forms such as solid dosage forms, injectables, metered dose inhalers, dry

powder inhalers, transdermal patches, suppositories and oncology formulations through three multi-therapy divisions and eleven speciality divisions Zydus Cadila, Zydus Aalidac, German remedies, Zydus Biogen, Zydus Neurosciences, Evona, Respicare, Alidac Corza, Alidac Fortiza, Zydus Nutriva, Zydus Synovia and Liva Healthcare Limited. He has further deposed that the gross sales turnover of the Plaintiff for the year 2009-2010 was around Rs. 3700 crores.

3. It has further been deposed by PW-1 that the Plaintiff has a state-of-the-art manufacturing units at various locations in India and Brazil. All the manufacturing plants of the plaintiff are approved by the Regulatory Agencies of India and abroad and the Plaintiff also exports its products to more than 30 countries including USA, Japan, Brazil, Europe, South Africa etc. The Plaintiff's research activities have resulted into more than 400 patents related to new drug discoveries, drug delivery systems and also in the field of biotechnology products in India and abroad and more than 75 patent applications of the Plaintiff have been accepted and patents granted, in various countries including USA, Japan, European Union, etc.

4. He has further deposed that the plaintiff manufactures and markets a wide range of pharmaceutical and medicinal products including formulations under different, unique and distinctive brand names. It has been deposed that the Plaintiff and its affiliates have several brands that feature amongst the top 300 pharmaceutical brands in India.

5. It has been deposed by PW-1 that one of the most valuable brand names coined and adopted by the Plaintiff is the trade mark "PANTODAC" which is a registered trademark of The Plaintiff since the year 1996 and which has been in exclusive, extensive and continuous use in respect of pharmaceutical preparations by the Plaintiff. He has further deposed that the Plaintiff is the registered proprietor of the trade mark PANTODAC under Registration No. 723200 in Class 5 since 30th October, 1996 which has been renewed upto 30th October, 2016 and is valid. A copy of the Legal Proceedings Certificate of the same issued by the Trade Marks Registry has been marked as Exhibit P1 and Exhibit P2.

6. Mr. Pathak, PW-1 has also deposed that the trademark PANTODAC is used for the preparation of "Pantoprazole" which is a drug used for the treatment of Gastro Esophageal Reflux Disease (GERD) and Peptic Ulcers. He has further deposed that Pantoprazole is currently manufactured and marketed in India by the Plaintiff under a license and is sold under the brand name PANTODAC. It has been deposed that the stated drug is available by prescription in tablet form and is also available for intravenous use and the Plaintiff is manufacturing and selling the stated formulation under the trade mark PANTODAC and its variants like PANTODAC 40, PANTODAC 20 and PANTODAC TV etc. Copies of the Drug Registration Certificates issued by the Drug Controller General pertaining to approvals for the import of Pantoprazole sodium, and pertaining to the approval for the manufacture of Pantoprazole tablets have been exhibited as Exhibit

PW1/3 (Colly) and a sample of the PANTODAC packaging has been exhibited as Exhibit PW 1/4.

7. PW-1 has further deposed that the trademark PANTODAC was coined by the Plaintiff in year 1996 and immediately, the Plaintiff filed an application for registration thereof before the Registrar of Trade Marks on 30th October 1996. The stated application was initially filed on "proposed to be used" basis. However, in the year 1999-2000, the Plaintiff launched the drug under the trademark PANTODAC in India and since then the said mark has been continuously used in respect of above mentioned drug. A few sample invoices raised by the Plaintiff company pertaining to the product sold under the mark PANTODAC have been exhibited as Exhibit PW/5.

8. It has further been deposed that the average sale figures of PANTODAC and its variants is about Rs. 45 to 50 crores per annum. The certificate from the Chartered Accountants certifying the sales figures of PANTODAC from the period 2002-03 to 2007-08 has been exhibited as Exhibit PW1/6.

9. It has further been deposed that the mark PANTODAC has been extensively advertised and promoted by the Plaintiff since its adoption and the same has acquired distinctiveness in trade by virtue of long, extensive and continuous use since as early as the year 1999. It has also been deposed that the Plaintiff has acquired enormous goodwill and reputation in trade mark PANTODAC which is reflected in the huge turnover as mentioned above. Copies of the literature/ brochures showing the use of the mark PANTODAC have been exhibited as Exhibit PW1/7.

10. He has further deposed that the mark PANTODAC is the registered trade mark of Plaintiff and is its coveted intellectual property which deserves to be protected against any use of an identical or deceptively similar mark by any other party. It has also been deposed that the Plaintiff has valuable proprietary and common law rights in the trade mark PANTODAC by virtue of registration as well as the long, extensive and continuous use, extensive sales promotion and high degree efficacy of the products. He has also deposed that the long user and a market share in its category has achieved for PANTODAC immense repute, and qualifying it as a "well known" trade mark within the meaning of Trade Marks Act 1999.

11. It has further been deposed that the Defendants have adopted the mark PANTOPOL which is deceptively similar to the Plaintiff's mark PANTODAC that too for identical goods i.e. pharmaceutical preparations and medicines. He has also deposed that the Plaintiff's registered trademark PANTODAC has been registered since the year 1996 and the mark has been in continuous use since the year 1999 vis-a-vis the Defendants who have claimed use of the impugned mark PANTOPOL since 19th January, 2003 which is much subsequent to the registration as well as use of Plaintiff. It has further been deposed that the Defendants have admitted certain documents which categorically depict that

Defendants have been using the mark PANTOPOL only since 2003 such as Trademark Journal Extract of the mark PANTOPOL, which has been marked as Exhibit P3 and the Online Status Report from the website of the Trademark Registry, which has been marked as Exhibit P4 and Exhibit PS. He has further deposed that the fact that Plaintiff's mark is used in relation to a medicine that is used for the treatment of peptic ulcers, the use of any other mark by a third party which is identical or deceptively similar to PANTODAC is bound to create confusion amongst doctors, chemists and patients. It has further been deposed that the said use of the mark PANTOPOL by the Defendants amounts to infringement of the valuable statutory and common law rights of the Plaintiff.

12. PW-1 has further deposed that the Defendants have knowingly adopted a deceptively similar mark to that of the Plaintiff merely to make undue monetary gains. He has also deposed that the Defendants being involved in the manufacture and marketing of Drugs and Pharmaceutical products must have been aware of Plaintiff/Cadila Group and its products, especially the drug being sold under the brand name PANTODAC and that the Defendants have, with full knowledge and awareness adopted the deceptively similar mark in utmost unlawful and illegal manner to compete unfairly with the Plaintiff in the market which is also apparent from the fact that the Defendants, although are claiming to use the impugned mark, have not been selling their product under said mark in the mainstream markets of Delhi or around Delhi. It has further been deposed that irrespective of whether the mark PANTOPOL is used for Pantoprazole or any other formulation, the Defendants have no right in law to adopt a mark which is identical/deceptively similar to the registered trade mark of the plaintiff.

13. It has further been deposed that the Defendants are liable to pay both ordinary as well as exemplary/punitive damages for having committed infringement in a product like medicines, specially those that are available over the counter and further that the Defendants due to mala fide adoption and subsequent conduct are liable to pay penal damages to the plaintiff. He has further deposed that the Defendants, prior to the filing of the present suit were freely and openly selling the impugned products and have made undue gains and caused loss to the Plaintiff both in monetary terms as well as by way of dilution of their brand and therefore, it is a fit case for grant of pecuniary damages to the Plaintiff.

14. I have heard counsel for the Plaintiff and carefully perused the documents which have been placed on record along with the affidavit by way of evidence of PW-1. The Registration Certificate of the plaintiff's trademark "PANTODAC" has been exhibited as Ex. PI and Ex. P2. Copies of the Drug Registration Certificates issued by the Drug Controller General have been exhibited as Ex. PW-1/3 and Ex. PW-1/4. Invoices raised by the plaintiff dated as far back as in the 1999 and above have been exhibited as Ex. PW-1/5. The certificate from the Chartered Accountants certifying the sales figures of PANTODAC has been exhibited as Exhibit PW1/6. Copies of the literature/brochures showing the use of the mark

PANTODAC have been exhibited as Exhibit PW1/7.

15. In view of the documents placed on record, the plaintiff has been able to establish that plaintiff is the registered proprietor of the trade mark "PANTODAC" in India since the year 1996 which has been in consistent use by them since then while the defendants have admitted the use of their mark "PANTOPOL" only since 2003. The plaintiff has also been able to establish that by virtue of long, extensive and continuous use of the trademark "PANTODAC" by the plaintiff, it has acquired distinctiveness, enormous goodwill and reputation. Plaintiff has further established that the stated trade mark of the plaintiff is a novel, fancy and an invented/coined mark which qualifies as a well known trademark within the meaning of Trademark Act, 1999. Furthermore, the plaintiff has been able to prove the vast volumes of sales made by it under the said trademark which is evident from its immense sales figures placed on record. The evidence of the plaintiff remains unchallenged and unrebutted.

16. It is well settled that if the party is holding the valid registration and two rival marks are either identical with or deceptively similar in relation to the goods in which the trade mark is registered, a case of infringement is made out. Apex Court in various cases has dealt with this aspect. [See National Bell Co. and Gupta Industrial Corporation Vs. Metal Goods Mfg. Co. (P) Ltd. and Another, ; American Home Products Corporation Vs. Mac Laboratories Pvt. Ltd. and Another, ; and Automatic Electric Limited v. R.K. Dhawan & Anr. 1999 PTC (19) 81 (Del)].

17. Having regard to the evidence on record and comparing the impugned product of the defendant, photograph of which has been exhibited as Ex. P-5, I am of the view that the impugned trademark of the defendant i.e. "PANTOPOL" is phonetically and deceptively similar to the registered trademark "PANTODAC" of the plaintiff and any use of the said deceptively similar trademark by the defendant in respect of pharmaceutical preparations or any such cognate or allied products would be in violation of the proprietary rights of the plaintiff vested in its registered trademark by virtue of prior registration as well as prior and bona fide use by the plaintiff since as early as 1999. The use of such a deceptively similar mark by the defendant, that too for identical goods i.e. pharmaceutical and medicinal products clearly amounts to infringement of the plaintiff's registered trademark PANTODAC u/s 29 of the Trade Marks Act, 1999. Moreover, since medicinal products have a direct impact on the life and health of general public, any confusion qua the source of medicines, would not only be prejudicial to the rights of the plaintiff but would also be highly injurious to the health of the public at large. Furthermore, since the defendants have adopted the impugned mark which is deceptively similar trademark, subsequent to the registration and use of the trademark by the plaintiff, in the identical class, for the identical product, it would inevitably lead the consumers to believe that the defendants' products are originating from the plaintiff. In my view, the defendants with full knowledge and awareness, adopted the deceptively similar

mark with mala fide intentions which is evident from the fact that the defendants although claim to have been using the impugned mark for a long time, they have not been selling their products in the mainstream markets of Delhi or around Delhi. The defendants are deliberately targeting small markets in suburbs and remote areas in the NCR in order to avoid getting caught. The defendants have adopted the deceptively similar mark in order to encash upon the hard earned goodwill and reputation of the plaintiff's trademark.

18. The plaintiff has also claimed damages on account of illegal profits earned by the defendant along with delivery up of the goods bearing the trade mark "PANTOPOL" and rendition of accounts.

19. Order sheets show that despite service of summons, the defendants have deliberately stayed away from the present proceedings to ensure that an enquiry into their accounts for determination of damages cannot take place. Counsel for the plaintiff has sought to place reliance on the case of Tata Sons Limited Vs. Hoop Anin and Others, wherein punitive damages to the tune of 5 lacs were awarded to the plaintiff. Relevant paras of the judgment are reproduced below:

9. The plaintiff has also claimed Rs. 20,05,000/- as damages from defendants No. 1 & 2. Dealing with the damages, this Court in Tata sons Ltd. v. Manoj Dodia & Ors. (supra) inter alia observed as under:

The promotion and building of a Trade Mark, particularly a mark which is used in relation to a variety of good and/or services, requires considerable efforts, skill and expenses. The brands are not built in a day, it takes years to establish a brand in the market. Moreover, brand equity can be earned only if the quality of the product sold and/or services provided under that name are consistently found to be of superior quality. No amount of marketing efforts and promotional expenditure can build a brand, particularly in the long run, if the quality of the product/service does not commensurate with the marketing efforts. The brands, particularly well known brands, themselves are now becoming highly valuable and in fact are being sold as standalone products. The companies which invest heavily in brand building and back them up by quality products are bound to suffer not only in reputation but also in financial terms, on account of diminution in the value of the brand as well as sale of their products/services, if the brands are not given adequate protection by the Courts, by awarding punitive damages against the infringers. Also, a soft or benevolent approach while dealing with such persons, is also likely to prejudicially affect the interests of the consumer, who may pay the price which a premium product commands in the market, but may get an inferior product on account of such unscrupulous persons using trademarks of others for their own commercial benefit, at the cost not only of the trade mark owner, but also the consumer who purchases their product.

Another purpose behind awarding punitive damages is to deter those who may be waiting in the wings and may be tempted to imitate the trade mark of others, in case those who are sued before the Courts are not made to pay such damages

as would really pinch them. Awarding token damages may, therefore, not serve the desired purpose. Our country is now almost in the league of advanced countries. More and more foreign companies are entering our markets, with latest products. They would be discouraged to enter our country to introduce newer products and make substantial investments here, if the Courts do not grant adequate protection to their intellectual property rights such as patents, trademarks and copyright. Most of the products sold by these companies are branded products, the marks on them having trans-border reputation and enjoying tremendous brand equity. It is, therefore, becoming increasingly necessary to curb such trade mark piracies lest they drive away the huge foreign investment our country is attracting. The Court should not give premium to dishonesty and unfair practices by those who have no compunctions in blatantly using the trademark of others for making unearned profits.

20. See also Hero Honda Motors Limited Vs. Rafiq Memon ; Gora Mal Hari Ram Ltd Vs. Ashique Exports Pvt. Ltd, ; Relaxo Rubber Limited and Another Vs. Selection Footwear and Another, .

21. I am in agreement with the aforesaid submission of learned counsel for the plaintiff that damages in such cases must be awarded in order to provide adequate protection to such brands that take years and decades to establish their brand names in the public domain and also to deter such blatant indulgence in infringing activities by people. Also, in my view, a defendant, who chooses to stay away from the proceedings of the Court, should not be permitted to enjoy the benefits of evasion of court proceedings. R.C. Chopra, J. has very succinctly set out in Time Incorporated Vs. Lokesh Srivastava and Another, that punitive damages are founded on the philosophy of corrective justice. A party who chooses not to participate in court proceedings and stays away must, thus, suffer the consequences of damages as stated and set out by the plaintiff. There is a larger public purpose involved to discourage such parties from indulging in such acts of deception and, thus, even if the same has a punitive element, it must be granted. For the reasons stated above, the plaintiff has made out a case for grant of decree as prayed in the plaint. Accordingly, the order dated 01.02.2011 is confirmed and the suit is decreed in favour of the plaintiff and against the defendants. Plaintiff is also entitled to damages to the tune of Rs. 3.0 lacs. Decree sheet be drawn up accordingly.