

(2003) 04 DEL CK 0055

In the Delhi High Court

Case No : IA No. 6298 of 2001 in Suit No. 1420 of 2001

East African (I) Remedies Pvt. Ltd.

APPELLANT

Vs

Wallace Pharmaceuticals Ltd. and Another

RESPONDENT

Date of Decision : 01-04-2003

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Order 39 Rule 1, Order 39 Rule 2, 151

Citation : AIR 2004 Delhi 74 : (2003) 105 DLT 293 : (2003) 27 PTC 18 : (2003) 3 RAJ 119 : (2004) 3 RCR(Civil) 196

Hon'ble Judges : Ramesh Chand Jain, J

Bench : Single Bench

Advocate : Rajiv Gupta, for the Appellant; Neel Mason, for the Respondent

Judgement

R.C. Jain, J.—plaintiff-company has filed this application under Order XXXIX Rules 1 & 2 read with Section 151 CPC seeking an ad interim injunction for restraining the defendants, their servants, reatailers, stockists, distributors, representatives and agents from manufacturing, selling, offering for sale, stocking, advertising, directly or indirectly dealing in pharmaceutical preparations under the trademark `REVOX" or any other trademark identical with or deceptively similar to the trademark `RIVOX" of the plaintiff.

2. The relevant facts for the purpose of disposal of the application are that the plaintiff has filed a suit for permanent injunction, passing off, damages and delivery up etc. against the defendants with the averments and allegations that it is a private limited company engaged in the business of manufacturing and marketing pharmaceuticals for the last about 16 years and is a reputed company in the pharmaceutical trade. Out of many well known trademarks of the plaintiff-company, the trademark `RIVOX" was adopted and used by the plaintiff since the year 1990 in respect of a life saving drug, i.e. `Amoxycilline". The plaintiff has also applied for registration of the trademark under application No. 877264 in Class-5 in respect of pharmaceutical preparations and he hopes that he will be granted the registration. The plaintiff also claims to have obtained the FDA

approval pertaining to the trademark before manufacturing and marketing the drug and have been using the said trademark since 1990 continuously, regularly and extensively and without any interruption in relation to the pharmaceutical product and `RIVOX" has acquired a unique reputation and goodwill in the eyes of medical professionals, pharmaceutical industry and general public at large and the said drug is exclusively associated with the plaintiff.

3. It is alleged that during the month of September, 2000, the plaintiff learnt that defendant has introduced a similar product bearing the trademark `REVOX" which is almost identical trademark and/or deceptively similar to that of the plaintiff. By adopting and using the said trademark and marketing its products under the said trademark, the defendant is passing off and is likely to pass off their product as that of the plaintiff. The plaintiff served a notice dated 25th September, 2000 to defendant No. 1 requesting it not to use the said trademark but defendant No. 1 vide its reply dated 27th February, 2001 refused to accede to the request of the plaintiff and raised the defense that the two trademarks `RIVOX" and `REVOX" are different and distinct and there was no scope of confusion in the market. It is also alleged that due to the adoption and use of the trademark `REVOX" in respect of the similar product, the plaintiff has suffered damages and is likely to suffer further damages and, Therefore, there is a need to restrain the defendant from manufacturing and passing off their product under the trade name `REVOX". Besides, it is stated that the product which is being manufactured and marketed by the defendant under `REVOX" is a multi-vitamin while that manufactured and marketed by the plaintiff is a life saving antibiotic drug and, Therefore, there is a great danger to the life of the patients who might use the product of the defendant instead of the plaintiff. Accordingly, the plaintiff has prayed for a permanent injunction, damages and for delivery up of the said products and its destruction.

4. The suit is being contested by the defendants by filing their written statement raising preliminary objections that defendant No. 1 has adopted the trademark `REVOX" for a pharmaceutical preparation which is a composition of Beta Carotene with Vitamin `C", `E" and minerals ever since March 1998 and has applied for its registration on 3rd April, 1998 vide application No. 797488 but before doing so, the defendant had taken a search report for the trademark `REVOX" from the Trademarks registry and on receiving a clearance adopted the said trademark. Besides, the defendant also applied to the Food and Drug Administration and were subsequently awarded a license to manufacture the product under the mark `REVOX" on 17th October, 1998 and, Therefore, defendant commenced manufacturing and marketing the said product in February, 1999. The product of the defendant bearing the trademark `REVOX" is a Schedule `H" drug which cannot be sold without a prescription of a registered medical practitioner and, Therefore, there is no likelihood of confusion being entertained by any quarters. The product of the defendant is of high quality and is well regarded in the medical fraternity and their sales were to the tune of around Rs. 2 crores during the year 1990-2000 and 2000-2001 and besides the

defendant has incurred heavy expenses to the tune of Rs. 76,33,000/- and Rs. 53,57,000/- in the years 1999-2000 and 2000-2001 respectively on promotion of the said product. On merits, it is denied that the plaint has been signed and verified and suit instituted by a duly authorised person on behalf of the plaintiff-company. The remaining averments and allegations with regard to the plaintiff having adopted the mark `RIVOX' and had been manufacturing and marketing its product ever since 1991, are denied and on the other hand it is stated that even if the said statement of the plaintiff is to be believed, the sale of his said product is to the tune of Rs. 1,24,332/- only over a period of 11 years. It is also denied that the product of the plaintiff has acquired excellent reputation and goodwill pertaining to the aforesaid trademark or that the defendant are trying to pass off their product under the identical or deceptively similar mark of the plaintiff. It is also denied that the plaintiff has any cause of action against the defendants either for permanent injunction, damages or for any other relief, as sought by him.

5. The averments made in the application and its reply are only a repetition of the averments, allegations and pleas taken up by the parties in their main pleadings. Though the present application was filed simultaneously Along with the suit seeking grant of an ad interim ex parte injunction but the Court did not grant any ad interim ex parte injunction and simply issued notice to the defendants on the said application.

6. I have carefully perused the material brought on record and have heard Mr. Rajiv Gupta, counsel for the plaintiff and Mr. Neel Mason, counsel for the defendants and have given my thoughtful consideration to their respective submissions.

7. The principles governing the grant or refusal of an ad interim injunction are well settled. In order to entitle the plaintiff to an ad interim injunction, the plaintiff must establish a prima facie case and balance of convenience in his favor and that he will suffer irreparable loss and injury which cannot be compensated in terms of money if such an interim injunction is not granted. In the trademark cases relating to infringement or passing off, for restraining the opponent from using an identical or deceptively similar trademark, the plaintiff must prove his prior user of the trademark or its registration in his favor. Coming to the facts of the present case and placing reliance on the material placed on record on its face value, at best the plaintiff can be said to be the owner by prior user of the trademark `RIVOX' in respect of his antibiotic preparations and its total sales of that product is to the tune of Rs. 1,25,000/- over a period of 11 years there being no sales during the period 1991-96 and there being no promotional material or any expenditure incurred by the plaintiff on advertising etc. Learned counsel for the defendants has even challenged this claim of the plaintiff on the ground that plaintiff's product sample contains no date of manufacture, batch number and expiry date etc. The copies of statement and invoices put by the plaintiff are dubious in nature on the strength of which it cannot claim any

injunction. In this regard, reliance has been placed on a decision of the Supreme Court in the case of Uniply Industries Ltd. vs. Unicorn Plywood Pvt. Ltd. & Ors., 2001 PTC 417. On the facts of that case and taking note of the position that certain dubious material was placed on record, the Supreme Court observed that the Courts below should have been wary and cautious in granting injunction which would affect the trade and business of another person using an identical trademark. In that case also, the appellant and respondent both had applied for registration of their respective trademarks before the Registrar under the Trade & Merchandise Act, 1958 and the respective rights of the parties will have to be investigated by the trademarks registry and appropriate registration granted to either of them or both of them, as the case may be, bearing in mind the provisions of Section 12(3) of the Act. The Court held that in the circumstances, it was appropriate not to grant injunction in favor of either of the parties and directed to ensure that the proceedings in the suit are conducted as expeditiously as possible or the Registrar under the Trade & Merchandise Act, 1958 may decide the matter which may govern the rights of the parties.

8. As against this, learned counsel for the plaintiff has placed reliance upon the case of Pam Pharmaceuticals vs. Richardson Vicks Inc., 2000 PTC 412 where on the facts of that case, the Court held as under:-

"Once the plaintiff establishes a prima facie case and if the balance of convenience is in favor of the plaintiff, the Court can very well assume that irreparable injury would follow if ad-interim injunction is not granted in favor of the plaintiff. This is the normal sound principle which the Court follows in the matter of grant of injunction. Applying the said principle to the present case, it is very clear that a prima facie case has been established by the plaintiffs because the product which the defendants are selling is deceptively similar to the one which is manufactured and sold by the plaintiffs. Upon perusal of the record available to the Court, prima facie, it appears that the plaintiffs have acquired a very good reputation and its products under the name 'VICKS' are being sold not only in the country but also elsewhere. Looking to the said fact, in my opinion, balance of convenience would surely tilt in favor of the plaintiffs. In the case where medicinal products are being sold, which are deceptively similar, harm would not only be caused to the plaintiffs but it would also be caused to innocent consumers who, as a result of confusion, might purchase a medicinal product prepared by another person which they in fact never wanted to buy. In the instant case, it has also been submitted by the learned advocates that ingredients of both the products, i.e. the product manufactured by the plaintiffs and defendant No. 1 are different. If a consumer having an intention to have ingredients of product A, buys product B having different ingredients, it would not be in the interest of the consumer as he would be consuming medicines which are absolutely different than the one which he wanted to consume. In my opinion, in case of medicinal products, the Court has to be more cautious and has to grant injunction where the court feels that an innocent and unwary consumer is likely to have some confusion while identifying the product which he

would like to purchase. In the matter of grant of injunction, the Court has also to see whether non-interference of the Court would result into irreparable injury to the party seeking the injunction. If the Court comes to a conclusion that there is no other remedy available to the party except the one with regard to injunction, the plaintiff seeking injunction should be suitably protected so that the apprehended injury may not be caused to the plaintiff."

9. Reliance is also placed on the celebrated authority of the Supreme Court in the case of Cadila Health Care Ltd. vs. Cadila Pharmaceuticals Ltd., 2001 PTC 541. In that case, the plaintiff had sought injunction against the defendant on the premise that the product 'FALCITAB' manufactured and sold by the defendant was deceptively similar to the plaintiff's product 'FALCIGO'. The High Court refused to grant injunction in the said case and the Supreme Court in appeal remanded the case back to the trial court to decide the suit in view of the observations made therein. In the said case, the Supreme Court reiterated the rule that the passing off action depends upon the principle that nobody has a right to represent his goods as the goods of somebody. In other words, a man is not to sell his goods or services under the pretence that they are those of another person. The Court has broadly reiterated the following factors to be considered by the Court in the case of an alleged action of passing off on the basis of unregistered trademark:-

- a) The nature of the marks i.e. whether the marks are word marks or label marks or composite marks i.e. both words and label works.
- b) The degree of resemblance between the marks, phonetically similar and hence similar in idea.
- c) The nature of the goods in respect of which they are used as trade marks.
- d) The similarity in the nature, character and performance of the goods of the rival traders.
- e) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.
- f) The mode of purchasing the goods or placing orders for the goods.
- g) Any other surrounding circumstances which may be relevant in the extent of dis-similarity between the competing marks.

Weightage to be given to each of the aforesaid factors depending upon facts of each case and the same weightage cannot be given to each factor in every case."

10. In relation to the passing off action in regard to medicines/products, the Apex Court also made the following relevant observations:-

"The principle of phonetic similarity has to be jettisoned when the manner in which the competing words are written is different. The products will be

purchased by both villagers and townsfolk, literate as well as illiterate and the question has to be approached from the point of view of a man of average intelligence and imperfect recollection. A trade may relate to goods largely sold to illiterate or badly educated persons. The purchaser in India cannot be equated with a purchaser of goods in England.

The courts need to be particularly vigilant where the defendant's drug, of which passing-off is alleged, is meant for curing the same ailment as the plaintiff's medicine but the compositions are different. The confusion is more likely in such cases and the incorrect intake of medicine may even result in loss of life or other serious health problems. Schedule 'H' drugs are those which can be sold by the chemist only on the prescription of the doctor but Schedule 'L' drugs are not sold across the counter but are sold only to the hospitals and clinics. Nevertheless, it is not uncommon that because of lack of competence or otherwise, mistakes can arise specially where the trade marks are deceptively similar.

In view of the varying infrastructure for supervision of physicians and pharmacists of medical profession in our country due to linguistic, urban, semi-urban and rural divide across the country and with high degree of possibility of even accidental negligence, strict measures to prevent any confusion arising from similarity of marks among medicines are required to be taken.

It is usually at that stage that other people are tempted to pass off their products as that of the original owner of the mark. That is why it is said that in a passing-off action, the plaintiff's right is against the conduct of the defendant which leads to or is intended or calculated to lead to deception.

Nothing the frailty of human nature and the pressures placed by society on doctors, there should be as many clear indicators as possible to distinguish two medicinal products from each other. It is not uncommon that in hospitals, drugs can be requested verbally and/or under critical/pressure situations. Many patients may be elderly, infirm or illiterate."

11. Learned counsel for the plaintiff has also placed reliance upon a Single Bench decision of this Court in the case of *M. Soni & Company vs. Chawdhari & Company*, PTC (Suppl) (1) 210 (DEL). In that case, the Court having come to a specific finding that the mark of defendant on the face of it was deceptively similar to that of the plaintiff, granted an injunction restraining the defendant through its proprietors, partners, servants and agents etc. from manufacturing, selling, offering for sale, advertising, dealing in parts and fittings of bicycles, cycles parts and other cognate and allied goods under the trademark 'SAINICO' during the pendency of the suit.

12. There cannot be any debate as to the legal position as to when the injunction should be granted in a passing off action but the same has to be considered and answered having regard to the facts and circumstances obtaining in each individual case. So far as the present case is concerned, the indisputable position

is that neither the trademark `RIVOX" of the plaintiff nor `REVOX" of the defendant are registered trademarks and the applications made by both the sides are pending consideration/inquiry before the Registrar of Trademarks under the Trade & Merchandise Act, 1958. Prima facie, there is some evidence to show the prior user of the trademark `RIVOX" by the plaintiff in relation to his antibiotic medicinal preparation though said user cannot be said to be continuous and regular firstly because there were no sales recorded during the period 1991-96, 1997 & 1998 except a few sporadic transactions of sales. On the other hand, the defendant has been able to establish its sales for the year 1999-2000 which are in crores and its advertising and promotional expenses for this product was in lacs of rupees during the period 1999-2000 and the plaintiff was aware of the defendant's using of the trademark since April, 1999 but did not chose to file the suit promptly and, Therefore, the suit can be said to be suffering from delay/laches/acquiescence. No evidence has been brought on record to show that the plaintiff's product is readily and regularly available in the market. Besides, the plaintiff has not been able to show if it has acquired any goodwill in its said trademark. The material placed from the side of the defendant, on the other hand, shows that there was no mis-representation by the defendant and the adoption of the trademark was bona fide because the defendant was not aware of the plaintiff's product at the time of commencement of use of its trademark and had infact made the search at the office of the trademarks registry to find out if a similar trademark is registered or applied for. The adoption of the trademark `REVOX" by the defendant appears to be honest and bona fide. Apart from this, the facts and circumstances brought on record would show that there is no likelihood of confusion or deception as the trade names have been prominently depicted on the product cartons having distinct get up and layout and the products manufactured and being marketed by the plaintiff and defendant are Schedule `H" drugs which cannot be sold out without prescription. These are some of the several factors which would show that the plaintiff has failed to establish a prima facie case or that balance of convenience in his favor entitling it for grant of an ad interim injunction. On the other hand, having regard to the totality of the facts and circumstances that the defendant has acquired a goodwill and reputation and sales of its multi-vitamin drug product under trademark `REVOX" being in crores during the preceding years, it appears to this Court that balance of convenience, if any, lies in favor of the defendant rather than the plaintiff. The defendant is likely to suffer irreparable loss and injury in case it is enjoined from manufacturing and selling the said product under the trademark `REVOX". This Court at best can hope and expect that the Registrar of Trademarks will investigate into the pending applications of the parties and decide the said applications as expeditiously as may be practicable. Besides, it would be desirable to protect the interest of the plaintiff during the pendency of the suit.

13. In the result, the application fails and is hereby dismissed. However, the parties are directed to maintain proper accounts of the sales of their respective

products under their respective trademarks and to file them periodically, i.e. every three months, in the Court. The defendant is also directed to deposit a sum of Rs. 2 lacs or to furnish a security in that sum to the satisfaction of the Registrar General of this Court so as to safeguard the interest of the plaintiff.

With these observations, the application stands disposed of.