

(1990) 06 KAR CK 0033

In the Karnataka High Court

Case No : Misc. First Appeal No. 801 of 1989

M/s. Cadila Laboratories (P) Ltd., Ahmedabad and another	APPELLANT
Vs	
M/s. Kamath Atul and Co., Nellekeri, Kumta	RESPONDENT

Date of Decision : 29-06-1990

Acts Referred:

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

Citation : AIR 1991 Kar 303 : (1990) ILR (Kar) 2576

Hon'ble Judges : K. Ramachandriah, J

Bench : Single Bench

Advocate : H.K. Vasudeva Reddy, for M/s. Kesvy and Co, for the Appellant; K.N. Srinivasan, for the Respondent

Judgement

1. Defendants in O.S. 2/88 on the of file of the District Judge. Shimoga (hereinafter referred to as "the trial Judge") have filed this appeal under O. 43, R. 1(r) of C.P.C. against the order dt. 27-3-1989 passed on I.A.I. by the trial Judge granting an order of temporary injunction in favour of the respondent and against the appellants restraining the latter from passing off their Ayurvedic herbal skin ointment bearing the trade name "HERBINOL" and also from marketing the said product till the disposal of the suit.

2. For the sake of convenience, reference will hereinafter be made to the appellants as defendants and to the respondent as plaintiff which position they occupy in the suit in the trial Court.

3. The suit which can be termed as "a case of passing off action" was filed by the plaintiff in the Court of the trial Judge on 11-10-1988 for a judgment and decree against the defendants restraining them and their agents from infringing the trade mark of their skin ointment called "HURBINOL" exclusively and extensively sold by the plaintiff and from passing off or attempting to pass off their skin ointment recently introduced into the market under the name "HERBINOL", for rendition of accounts of profits of the sales made so far by the defendants, for payment of damages of the amount so found to have been made by the

defendants and also costs of the suit. Along with the plaint, plaintiff also presented an application under Order 39. Rules 1 and 2, C.P.C. praying for an order of temporary injunction against the defendants from infringing their trade mark of their product and passing off their product "HERBINOL" as if it was the product manufactured and marketed by the plaintiff under the name "HURBINOL".

4. The learned trial Judge, instead of granting an ex parte order of temporary injunction, directed issue of suit summons and notices of I.A.I. to the defendants by emergent process. On receipt of the suit summons and notice of I.A.I. defendants entered appearance and filed their lengthy written statement in which it was inter alia, stated that their written statement may also be treated as reply to the injunction application of the plaintiff filed along with the suit. Both parties also produced certain documents, cartons or wrappers of their respective skin ointments, literature connected with their respective products and other documents. After hearing the learned counsel for the plaintiff and the defendants, the learned trial Judge by order dated 27-3-89 in which he has set out the facts in great detail and also referred to the case law on the point, allowed I.A.I. and issued an order of temporary injunction against the defendants in the above terms.

5. Feeling aggrieved by the said order, defendants have filed this appeal with an application I.A.I. under Order 41, Rule 5 read with Section 151, C.P.C. praying for stay of the operation of the impugned order. On 15-5-1989 this court has admitted the appeal and has also granted stay of operation of the impugned order with notices of appeal and I.A.I. Therefore, the plaintiff has entered appearance, and has filed its objections to I.A.I. and has moved this Court for an early hearing of the appeal. That is why this appeal was taken up for hearing out of turn and Sri. H.K. Vasudeva Reddy, learned counsel for the appellants-defendants and Sri. K.N. Srini-vasan, learned counsel for the respondent-plaintiff, are heard. Both of them have addressed lengthy arguments on several dates and have also relied upon quite a good number of decisions in support of their respective contentions.

6. It is undisputed that the plaintiff is proprietary concern called M/s. Kamath Atul & Co., Kumta, in Uttara Kannada District, engaged in the manufacture and sale of an Ayurvedic herbal skin ointment called "HURBINOL" from 1981 whereas, the first defendant is a well known and third largest pharmaceutical Company of India engaged in the manufacture of various bulk products of pharmaceuticals at Ahmedabad in Gujarat State. It is so stated in paragraph 4 of the affidavit of Mrs. Shilpa V. Shah, Assistant Law Officer of the first defendant filed in the trial Court. It is also stated in that affidavit that the first defendant has won number of awards for quality and exports and excellence and it has been exporting its products to different countries all over the world and enjoys extraordinary reputation for its products. It is thus seen that the plaintiff is a proprietary concern engaged in the manufacture and sale of only one product

namely, "HURBTNOL", skin ointment whereas, the first defendant is a multinational pharmaceutical Company engaged in the manufacture of various pharmaceutical including the skin ointment in question namely "HERBI-NOL". The said product of the defendant is being marketed from July, 1988. Applications filed by both parties for registration of their trade mark before the Registrar of Trade Marks at Madras and Bombay are still pending. In order to avoid elaborate description of the product of the plaintiff called "HURBINOL" and the product of the plaintiff called "HERBINOL", carton packets in which the respective skin ointments are picketed and marketed for sale are pasted below. The width of the two packets is about 1" approximately whereas, the length of plaintiff's product is 1/2" more than the packet of the product of the defendants. Both are described as skin ointments. The packet of the defendants' product is of light green colour whereas, the packet of the plaintiffs product is of dark green at both ends and white background on the left hand side on which the name "HURBINOL" and words skin ointment, Ayurvedic proprietary preparation" are printed. The above mentioned two packets relate to skin ointments weighing 25 grams of the plaintiff, 15 grams of skin ointment of the defendant although it was submitted at the time of arguments that the product of the plaintiff is manufactured and marketed in packets of 10 grams and 25 grams and 20 grams packet is priced at Rs. 4.50 and defendants are manufacturing and marketing their product in packets of 15 grams and 60 grams

and the 15 grams packet is priced at Rs, 8.44. Plaintiff slated in the plaint that they came to know in July, 1988 through their representative at Shimoga that the product of the defendants bearing identical name "HERBI-NOL" is being sold at Shimoga from sometime prior to July, 1988 and, thereafter, they got issued a notice through their Attorneys at Madras on 19-8-1988 to the defendants requesting them from desisting from manufacturing and marketing their skin ointment under the name "HERBINOL" as it was bearing the offending mark inasmuch as their skin ointment manufactured and marketed from 1981 was bearing the name "HURBI-NOL". Defendants having received that notice had neither replied to that notice nor complied with the request made therein and, therefore, they were constrained to file the suit. It was stated in paragraph 8 of the plaint that cause of action for the suit has arisen within the jurisdiction of the District Court at Shimoga at the end of July, 1988 as Shimoga is one of the places where the plaintiff is having good market for "HURBINOL" skin ointment and came to know of the sale of the defendants product under the colour of the same trade name "HERBINOL". These averments made in paragraph 8 of the plaint regarding the cause of action in the suit and also jurisdiction of Shimoga Court to entertain the suit are not at all met in the lengthy written statement of the defendants. This fact was also not disputed by Sri H.K. Vasudeva Reddy, learned counsel for the appellant-defendants, at the time of arguments, although he contended that the plaintiff ought to have filed the suit in the court of District Judge at Karwar as the plaintiff is a resident of Kumta and their Company is also located at Kumta. But, it is stated in the affidavit of the power of Attorney Holder

of the plaintiff filed in support of the prayer for temporary injunction made in I.A.I. that the skin ointment of the plaintiff-Company is having a very good market in Shimoga District in particular and other places also both in Karnataka and outside. Defendants have not disputed in their written statement that their product "HERBINOL" was being sold at Shimoga at least from some time prior to the institution of the suit. Section 105 of the Trade and Merchandise Marks Act, 1958 (for short "the Act") provides that "No suit for infringement of a registered trade mark; or relating to any right in a registered trade mark; or for passing off arising out of the use by the defendant of any trade mark which is identical with or deceptively similar to the plaintiff's trade mark, whether registered or unregistered shall be instituted in any court inferior to a District Court having jurisdiction to try the suit. "It is held in Himachal Pradesh Horticulture Produce Marketing and Processing Corporation Ltd., Simla v. M/s. Mohan Meakin Breweries Ltd., Solan (Himachal Pradesh), MR 1981 Punj & Har 117) that "in a suit for passing off or injunction on account of infringement of trade mark, the cause of action partly or wholly can arise in a given jurisdiction only if it is the defendant who is proved to have directly made sale of goods under the impugned trade mark, within that jurisdiction, not to an individual consumer but to a distributor, wholesaler or retailer and that such a sale is on a commercial scale." Therefore, I do not find any force in the argument of Sri. H.K. Vasudeva Reddy that the District Court at Shimoga had no jurisdiction to entertain the suit and the suit ought to have been filed in the Karwar District Court, especially, when the defendants have not raised any objection in their written statement in respect of the above referred averments made in paragraph 8 of the plaint regarding the cause of action and jurisdiction of the Court. Therefore, the said argument of Sri. H.K. Vasudeva Reddy, is rejected.

7. The next aspect to be examined is whether this Court can interfere with the impugned discretionary order of the trial Court. On this point. Sri. L.N. Srinivasan, learned counsel for the respondent-plaintiff, argued that it is not open to this Court to interfere with the impugned order of the trial court as it can not be said that it is either manifestly unreasonable or capricious or perverse. In support of the said submission, he placed reliance on a few decisions of this Court in Lakshminarasimhiah v. Yalakki Gowd (1965) 1 Mys LJ 370 : AIR 1965 Mys 310 and H.H. Sri Laxmimanojna v. H.H. Sri Sujnanda (1970) 2 Mys LJ 82 and Sri Gowrishankara Swamigalu Vs. Sri Siddhaganga Mutt, The Principle laid down in the said decisions and several other decisions is that if the discretion has been exercised by the trial Court reasonably and in a judicial manner, the fact that the appellate Court can take a different view than the one taken by the trial Court is not sufficient to interfere with the trial Court's exercise of discretion which it undoubtedly possesses and the appellate Court can interfere only if the trial court had acted unreasonably or capriciously or ignoring relevant facts and not otherwise as it is not open to the appellate Court to approach the case as if he were the trial Judge. Therefore, it is necessary to examine whether the impugned order of the trial Judge suffers from any such infirmity.

8. Passing off action is a common law liability as has been described in Chapter 15 at pages 473 to 475 of the Book by Sri. W.R. Cornish entitled "Intellectual property: Patents, Copyright, Trade marks and allied rights (Sweet and Maxwell) on which reliance was placed by the learned counsel on both sides. The portions relevant for the present purpose read as under :

"The passing-off action was first developed to meet a classic case. As Lord Halsbury put it," nobody has any right to represent his goods as the goods of somebody else". The same has been held of representations about services; and a defendant may also be liable for passing-off one class of the plaintiff's goods as another. His means may consist of misappropriating the plaintiff's mark, business name or get up; or he may simply supply his own goods when he receives an order for the plaintiff's. In all such cases, the plaintiff loses the customer because the latter is misled by a competitor. The seriousness of such a threat is recognised in legal principle, at least so far as an injunction is concerned, the action will lie even where the defendant is innocent, and relief may be granted without proof of actual damage, but simply because of the likelihood of future injury. This, as we have seen carries passing-off further than most other economic torts. And because it is in this sense a wide-ranging form of liability, the Judges have in the past been careful to ensure that it is not applied indiscriminately to analogies which fall outside the classic cases.

This caution is for instance expressed in the refusal to treat rights arising from use of a trade mark as giving a full-fledged right of property in that mark. All that the common law protects through its passing-off action is the goodwill between a trader and his customers which the mark helps to sustain. His rights against imitators last only so long as he does not abandon business and he cannot by assignment give another trader the power to use for passing-off unless he assigns his business at the same time. Moreover, this principle restricts the tort to injury in the course of trade. One person cannot object if the name by which his house is known is used on the house next door The following account analyses the three principal components of a passing-off action of the "classic type". (i) the plaintiff's own reputation; (ii) the defendant's representation; and (iii) likelihood of damage to the plaintiff. At the same time it notes the particular points at which the characteristics of this standard form are broadened by analogy so as to admit a claim which is in some respect a departure from normal"

9. Although the learned counsel on both sides have relied in the course of their arguments on a catena of decisions in support of their respective contentions, I propose to refer to only a few decisions which have a direct bearing on the point.

10. Their Lordships of the Privy Council have considered a case of passing off action in *Juggila Kamalapat* of AIR 1929 11 (Privy Council) In that case, the plaintiffs were a milling company dealing largely in Indian Clothes and in connection with the sale of Indian Cloth used certain trade marks. In several of those trade marks, the Lotus flower is the leading feature. Their complaint was

that the defendants suddenly began to use trade marks which, though if critically looked at by a person of such literacy as to have critical powers of observation would not be confused, yet would be apt to be confused by the illiterate and unobservant and in particular did despite to them for this reason that their trade-mark, had really got to be associated with the name of "Lotus" so that their cloth was known as "Lotus Cloth", and that a person coming and asking for "Lotus Cloth" might be satisfied by having cloth delivered with the trade mark of the defendants. That there may be deception, as one might phrase it by sound as well as by sight was nowhere more forcibly insisted on than in the well-known case of *R. Johnston & Co. v. Archibald Orr. Ewing & Co.* (1882) 7 AC 219, to which their Lordships have referred. It is then observed at page 12 as under:

"Their Lordships have no doubt whatsoever that the judgment of the court was perfectly right as regards the injunction; they think the evidence was quite satisfactory to show that the plaintiffs' cloth was associated with the name of "Lotus" and that any "Lotus" device would lead to cloth being able to be palmed off as their cloth which was the cloth of another manufacturer. There was perhaps a little difficulty as to one of the emblems, where the emblem on the defendants' trade-mark, if looked at properly was not a lotus but a rose, but it was not only the question of the flower there, there was a garter-like enclosure with a straight line beneath and the whole get-up of the one was so like the whole get-up of the other that their Lordships have no doubt that the Court below was right in making their injunction extend as it did,"

11. The next decision to which reference may be made usefully is of the supreme Court in *Parle Products (P) Ltd. Vs. J.P. and Co., Mysore*, in which reference is made to an earlier decision of the supreme Court in *Kaviraj Pandit Durga Dutt Sharma Vs. Navaratna Pharmaceutical Laboratories*, This is what their Lordships have observed in the case of *Parle Products (P) Ltd.* (at p. 1361):

"To decide the question as to whether the plaintiffs' right to a trade mark has been infringed in a particular case the approach must not be that in an action for passing off goods of the defendant as and for those of the plaintiff. In order to come to the conclusion whether one mark is deceptively similar to another, the broad and essential features of the two are to be considered. They should not be placed side by side to find out if there are any differences in the design and if so, whether they are of such character as to prevent one design from being mistaken for the other. It would be enough if the impugned mark bears such an overall similarity to the registered mark as would be likely to mislead a person usually dealing with one to accept the other if offered to him. It is of no use to note on how many points there is similarity and in how many others there is absence of it."

12. It is observed by a Division Bench of the Delhi High Court in *Century Traders Vs. Roshan Lal Duggar Co.,*

"Thus, the law is pretty well settled that in order to succeed at this stage the

appellant had to establish user of the aforesaid mark prior in point of time than the impugned user by the respondents. The registration of the said mark or similar mark prior in point of time to user by the appellant is irrelevant in an action for passing off and the mere presence of the mark in the register did not prove its user by the persons in whose names the mark was registered and was irrelevant for the purposes of deciding the application for interim injunction unless evidence had been led or was available of user of the registered trade marks, In our opinion, these clear rules of law were not kept in view by the learned single Judge and led him to commit an error."

In the said decision, the contention urged on behalf of the infringer that since the plaintiff had failed to show exclusive user, no prima facie case had been made out by it for issue of an interim injunction is rejected. It is further observed in paragraph 19 of the same decision that "proof of actual damage or fraud is unnecessary in a passing off action whether the relief asked for is injunction alone or injunction, accounts and damages. It is further observed that "if there is a likelihood of the offending trade mark invading the proprietary right, a case for injunction is made out."

13. This aspect of the matter is considered by a learned single Judge of the Delhi High Court in the case of Sham Lal v. Interads Advertising (P) Ltd. AIR 198 Delhi 270, in which it is observed in paragraph 29 that the plaintiff who exclusively lives on the income of the goods he produces would be entitled to an order of injunction as it would be quite harsh if the defendants are not restrained from using the impugned trade mark which the plaintiff was shown to be using prior to the defendants and, therefore, the balance of convenience too stood in favour of the plaintiff.

14. This aspect of the matter is again considered by the Delhi High Court recently in Ranbaxy Laboratories Ltd. Vs. Dua Pharmaceuticals Pvt. Ltd., . In the said case a Drugs making Company "A" had registered trade mark "CALMPOSE" having handsome turnover. Subsequently, another drug making company "B" floated its similar product under the trade mark "CALMPROSE", only by inserting the letter "R" and converting "CALMPOSE" into "CALMFROSE". The two trade marks appeared phonetically and visually similar. The dimension of the strip of B company was practically the same as the one made by the A company the type of packing was identical, the colour scheme was similar and even the manner of writing was not very different. It is, therefore, held that it was a clear case of an attempt by B Company to pass off its product as that of "A" Company. I have already noticed that in the instant case also the cartons of the two skin ointments are practically the same in width and length of the defendant's carton is about 1/2" shorter than the plaintiff's carton and both of them are herbal skin ointments and the only difference in their trade marks is that in the plaintiff's product the letter "U" is used while in the defendant's product manufactured and marketed in or about 1988 July, the letter "E" is substituted in place of "U". It was not disputed at the time of argument that no drug licence is required for

keeping and selling any of the two skin ointments in question and no prescription of a Doctor is necessary for purchasing the same. Therefore, the possibility of a person in need of a skin ointment going to a durg shop or even to a pawn shop and asking for "HUR-BINOL" ointment and the concerned druggist or pawn shop keeper passing off the defendants' product "HERBINOL" and the said person going away with "HERBINOL" as the asking ointment he wanted cannot be ruled out. It is observed in the above mentioned decision after examining the strips containing the medicines manufactured by the parties that the dimension of the strip of the defendants is practically the same as that of the plaintiff, that the type of packing is identical, that the colour scheme is similar and even the manner of writing is not very different and, therefore, it was a clear case of an attempt by the defendants to pass off its product as that of the plaintiff. Consequently, interim injunction issued in favour of the plaintiff in that case is made absolute pending disposal of the suit.

15. Similar view is expressed by a Division Bench of the Madras High Court in *Kali Aerated Water Works, Tiruchirapalli Vs. Rashid and Others*, . In that case, the trade name adopted by "A" and "B" in get up, packing and other writing or mark on the goods or on the bottle in which the goods were offered for sale was similar and it was likely to deceive or cause confusion in the minds of the consuming public. Therefore, a suit was filed by "B" for declaration of title for exclusive use of the trade mark of "Kali Mark" by "B" restraining "A" from using trade mark of "Shri New Kali Mark" on the ground that "B" had acquired an exclusive right to use the words "Kali Mark" both as trade mark and also a trade name by long user and none else was entitled to use the trade mark or trade name for aerated water business. Even in such a case, it is held that "although the colour scheme of the label used by "A" was not identical to that of "B" and there were descriptive matters different from that of "B" label, they were strikingly similar though not identical with that of "B" and also phonetic similarity was also not lost by the addition of words "Sri New" used in the trade name of "A" and, therefore, "B" was entitled for a decree restraining "A" from using the trade mark similar to his existing trade mark.

16. In *M/s. Exit Laboratories v. M/s. A.A. Products (India)* AIR 1989 NOC 218 , plaintiff was the manufacturer of automobile oil under the trade mark and name "Exit" for selling his products. Defendant subsequently commenced manufacturing his product under the trade mark/ name "EXIDE" and began to sell, advertise and used the label containing the name "EXIDE" on boxes containing his product. It is held that defendant's trade mark was deceptively similar to plaintiff's trade mark as it appears to be similar phonetically and also by look and, therefore it amounts to infringement of trade mark and, therefore, injunction can be granted to restrain the defendant from selling his product inasmuch as the balance of convenience was also in favour of the plaintiff who has been using the trade mark "Exit" much prior in time than the defendant and the plaintiff is liable to suffer irreparable loss if the defendant is allowed to use the infringed trade mark "EXIDE". It is further held that in a suit for passing off

action, registration of trade mark is irrelevant.

17. On this point, there is a decision of this Court in Basha Vs. Shaik Hyder, That was also a defendant's appeal against the order of injunction granted by the trial Court in a case of passing off order in respect of beedies called "NEHRU BEEDI" since February, 1966. In January, 1982, plaintiff came across the beedi marketed by the defendant under the same name "NEHRU BEEDI". Size and colour of the wrapper of the packet were very much alike of his brand of beedies. So, he instituted a suit against the defendant and sought for an injunction. Trial Court having granted injunction against the defendant, defendant filed an appeal before this Court. The said appeal is dismissed by observing that if there is a likelihood of the offending trade mark involving the proprietary right of an earlier manufacturer and virtually offending the economic asset which he had established a case for injunction is made out.

18. Therefore, I am of the opinion that the view taken by the learned trial Judge that the plaintiff had made out a prima facie case and even the conclusion reached by the learned trial Judge that the balance of convenience was also in favour of the plaintiff deserves to be affirmed inasmuch as the plaintiff-Company is a proprietary concern manufacturing and marketing only one Herbal product called "HURBINOL" whereas, the defendant-Company is a multinational Company manufacturing several products and, therefore, the plaintiff-company would be hit hard if its interests are not protected by an order of temporary injunction. Therefore, I hold that the impugned order of the learned trial Judge cannot be assailed on the ground that it is manifestly erroneous or unreasonable or perverse.

19. Before concluding, it is necessary to observe that as per the invoices and other documents produced by the plaintiff, its product "HURBINOL" was sold prior to the institution of the suit in the States of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh and Maharashtra. Therefore, I am of the view that the temporary injunction granted by the trial Court may be modified so as to restrain the defendants-appellants from marketing their product "HERBINOL" in the said five States only till the disposal of the suit and also by imposing a condition on the plaintiff to maintain accurate accounts regarding the amounts realised by sale of their product "HURBINOL" in the said five States till the disposal of the suit and also by directing the plaintiff not to market its product in the other States except in the five States mentioned above.

20. In the result, for the foregoing reasons, the appeal is dismissed with a slight modification of the injunction order granted by the trial Court by restraining the defendants from marketing their product "HERBINOL" in the States of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh and Maharashtra only till the disposal of the suit and subject to compliance of the directions given in paragraph 17 (supra) to the plaintiff,

21. In the circumstances of the case, parties are directed to bear their own costs

in this appeal.

22. In view of the submission made by Sri H. K. Vasudeva Reddy that the defendants would be hit hard by the grant of injunction, the trial Court is directed to dispose of the suit as expeditiously as possible having regard to other old, part-heard and urgent matters, if any, on its file.

23. Appeal dismissed.