

(1985) 01 DEL CK 0016

In the Delhi High Court

Case No : First Appeal No. 186 of 1983

Sandoz Limited and Another

APPELLANT

Vs

Pharmaceutical and Chemical Industries and Others

RESPONDENT

Date of Decision : 31-01-1985

Acts Referred:

Citation : (1985) 28 DLT 222

Hon'ble Judges : D.R. Khanna, J

Bench : Single Bench

Advocate : R.K.P. Shankar Das, D.D. Singh, Amar joyoti, Parveen Anand and Hemant Singh, for the Appellant;

Judgement

D.R. Khanna, J.

(1) This appeal arises from an order dated 26-4-1983 of Shri P.S.Sharma, Additional District Judge, Delhi, whereby the issue of the interim injunction against the defendants from marketing the product "Synthocilin" was declined. It was, however, directed that the defendants would continue to file copies of their accounts duly authenticated every year till the disposal of the suit with regard to the sale of this product.

(2) Briefly stated the background is that the trade mark "Syntocinon" for their medicine used for female hormones was got registered under the Trade Merchandise Marks Act by the plaintiffs on 12-5-1955. It is continuing to be registered as such. The defendants on their part sought for registration of their product "Synthocilin" an authentic medicinal preparation under the Act on 2-4-1973, claiming that they have been marketing the same from September, 1972. To this registration, the plaintiffs filed opposition. The Registrar after hearing both the sides in a detailed order dated 29-6-1977 rejected this application for registration by the defendants. The defendants did not file any appeal against that order although such right was available u/s 109 of the said Act.

(3) Another application was moved by the defendants for registration of the same trade name on 1-8-1977. Opposition to that as well was filed by the plaintiffs, and the matter in this regard is still pending before the Registrar.

(4) In the meanwhile, since the defendants have been marketing their product "Synthocilin all over India the plaintiffs served a- notice dated 29-1-1979 on the defendants, requiring them to desist from doing so. On their failure to comply a suit was filed by the plaintiffs in November, 1979, seeking restraint of the defendants from marketing their product under that name. The defendants then moved a petition in that suit that they proposed applying to the High Court for cancellation of the registration of the trade mark in favor of the plaintiffs, and as such the suit had to be stayed to enable the defendants to do so. At that stage, the plaintiffs sought decision on the interim injunction application which though had been filed along with the suit, had not been adjudicated. It was asserted that they stay of the suit did not bar the grant of interim injunction for protection of the registration of the plaintiffs. The product marketed by the defendants, it was contended, was deceptively similar in name to that of the plaintiffs' product "Syntocinon", and in this regard reference was made to the earlier order of the Registrar dated 29-6-1977, in which this deceptive similarity had been recognised. The plaintiffs pleaded that that order of the Registrar had become final as the defendants did not assail the same in the appeal u/s 109 before the High Court. The decision was claimed to operate as resjudicata.

(5) The defendants on their part pleaded that they could not place the entire material before the Registrar at the time of the consideration of their first application for registration of the trade mark, and as such the same was decided against them. It was next stated that they have collected enough material to justify their claim for registration of the trade mark, and the same is under consideration in the second application, now pending before the Registrar. They also pleaded that the interim injunction, sought for now belatedly would gravely harm the financial interest of the defendants as their product has now well come to be recognised in the market and is widely patronized .

(6) The trial court stayed the suit u/s 111 of the Act to enable the respondent to move the High Court for rectification of the registration of the plaintiffs' trade mark. A petition in that direction has already been moved, and is pending. The trial court has, however, declined to grant interim injunction in favor of the plaintiffs, restraining the defendants from marketing their medicine "Synthocilin" in the market. In doing so, it was prevailed upon by the contention of the defendants that a Chemical compound could not be registered, that the defendants have been manufacturing and marketing their medicine for a number of years, and the plaintiffs had not taken steps to restrain them from doing so earlier, that the two medicines are meant for different types of ailment, and in any case being scheduled drugs, can be prescribed by medical practitioners only who should well know the difference. It was also taken note that the defendant is a public limited company and maintaining regular and proper accounts, and,

Therefore, the ends of justice would be well met if copies of accounts duly authenticated every year were filed in court. Feeling aggrieved the plaintiffs have now moved the present appeal before this court.

(7) The order dated 29-6-1977 of the Deputy Registrar of Trade Marks by which the first application of the defendants for registration of their trade mark was rejected, is quite detailed, and there was a clear finding given therein that the two marks are deceptively similar. It was noted that the defendants had informed the office that they did not intend to file evidence in support of their case of honest concurrent user and instead relied upon affidavits only. After considering them, it was observed that phonetically usually and structurally the respective marks were so alike that there was reasonable possibility of confusion arising amongst a substantial number of persons if both the marks were allowed to be used simultaneously in the course of trade. The physicians it was taken note, were notorious for their bad hand and there was every likelihood of mistakes taking place as the relative distinction between two marks was minor and very subtle. A decision given by Registrar in such proceedings if not assailed before the High Court u/s 109 of the Act, has been held by the Mysore High Court to operate as *res judicata* in a proceeding u/s 105 of the Trade and Merchandise Marks Act. It was observed that even though the scope of the enquiry held by the Assistant Registrar on an application filed for the registration of the mark of a party is of limited nature, a decision given in that case cannot be treated as being totally irrelevant for purpose of deciding a suit u/s 105 of the Act. the concerned authority or court has to decide whether the marks whose registration is sought or the offending mark possesses a deceptive similarity with a registered trade mark. If a mark cannot be registered on the ground that it contravenes Section 12, then it follows that the user of the said mark will have to be restrained also in a suit filed u/s 105. In such a situation, if a decision is given in an earlier proceeding between the same parties there is little reasons for holding that the said decision would not operate as *res judicata* in a proceeding u/s 105 of the Act in which the same question arises for consideration. Such a case though not strictly within the four corners of section 11 CPC, can be brought within the scope of the general rule of *res judicata*. (See in this regard K.R. Chinnakrishna Setty and others v. Sri Ambal and Co. Air 1973 Mys 74)

(8) In the case *William Hunt and Sons*, reported at page 302 of the Illustrated Official Journal (Patents) 1911 (Vol. 28), it was also observed that the plea of *res judicata* should be available if the earlier decision by the Registrar had gone unchallenged. The plaintiff's also referred to Air 1595 S C 1595 *Associated Cement Companies Ltd. v. P.N. Sharma and another*, to the effect that in our country the judicial power of the State may be vested not only in courts, but also in other authorities and that the courts alone have no monopoly of this judicial power.

(9) In the circumstances, the plea now sought to be raised by the defendants that they could not place their evidence before the Registrar at the time of the

adjudication of their first application would appear peculiar. Who was responsible for the same except the defendants themselves ? Can they be allowed to take advantage of their own default ? Are they entitled to have a second innings and obtain fresh adjudication after filling in the lacuna which they allowed to exist in the earlier proceedings ? Naturally the court cannot look at with indulgence on a party which had by its own conduct landed itself in a difficult position. To allow the defendants to entirely ignore the Registrar's earlier Order is to render them in a position as if they had moved the High Court u/s 109 of the Act against that order and succeeded. None of this had happened. A detailed order given by a statutory authority, otherwise competent to do so. cannot be set at naught by an aggrieved party just ignoring the same. It cannot also seek fresh adjudication on facts and pleas which it could have placed before that authority and did not choose to do so. Furthermore, if in spite of an explicit order of that authority, right or wrong it being binding till set aside by due process, the defaulting party continues to market its product in defiance of that order" it should not be readily heard to pose innocence and plead that it has in the meanwhile established a substantial market and has acquired repute of its own mark.

(10) Since the defendants have made reference to considerable material which has been placed on the record of the trial court, I may briefly refer to that here. At the outset it is pointed out that the sales of the defendants of their "Synthocilin" group of products in the year 1978 were to the tune of over rupees 138 lacs as compared to those of the plaintiffs amounting to about rupees 48 lacs. Presently the sales are said to exceed rupees 370 lacs per year. Sale promotional expenses by way of advertisements from July, 1974 to January, 1978 of the defendants are stated to be rupees 3,71,000.00 . Large number of dealers in different states besides it is claimed, have been appointed by the defendants for sale of their product, and quite a number of photo copies of sale bills from 1974 onward have been produced of the product "Synthocilin". A certificate from the Food and Drug Commissioner has also been placed on record showing that the defendants are holding manufacturing license issued by that Administration under the Drugs and Cosmetic Act, 1940, and Rules there under for manufacturing Synthocilin (Ampicilin 1.P.) which falls under Schedule "L" of Drugs and Cosmetics Rules, 1943. The Directorate of Health Services also permitted the defendants to change the name of Ampicilin Capsules to Synthocilin Caps. in June, 1972. Affidavits from a number of Chemists and Doctors have also been filed about the sale of Synthocilin in the market. One of them is of K.S. Bakshi who is a member of the Executive Committee of the Indian Pharmaceutical Association Delhi branch, and according to him there are a number of medicines manufactured by different concerns with the name "Syn" or "Syntho", and no confusion on that score is being caused.

(11) It has also been pointed out that as per the clinical Pharmacology by D.R. Laurence, the term "Synthetic oxytocin" (Syntocinon) is pure and is not contaminated with vasopressin as is the natural product. Similarly Churchill Livingstone's Pocket Medical Dictionary by Nancy Roper describes "Syntocinon"

as "Synthetic oxytocin". The Indian Pharmaceutical Guide of 1977 also brings out a large number of medicines which are marketed under the names beginning "Syn" or "Syntho".

(12) The two medicines being scheduled drugs, it has been urged by the defendants that they can be sold at Medical Practitioner's prescription, and, Therefore there were enough in-built checks and balances. No instances of any confusion it is pointed out, has been placed on record by the plaintiffs. The nature of carton used by the parties for sale of their medicines are also pointed out to be different as to leave little possibility of confusion. Moreover the defendants' product have expiry dates on them.

(13) The defendants have, Therefore, contended that there has been an inordinate delay of several years before the plaintiffs have sought interim injunction against them. It is pointed out that although the defendants moved their second application for registration of the trade mark before the Registrar which is pending, within about a month of the rejection of their first application, the plaintiffs served a legal notice on the defendants in January, 1979, and then waited to file the suit in November, 1979. Moreover the application for interim injunction was moved along with the suit but no order was obtained thereon, and it was only when the suit was going to be stayed because of the defendants seeking cancellation of the plaintiff's trade mark in the High Court in January, 1982, that the plaintiffs sought decision on this application. The impugned order was thereafter made on 26-4-1983 while the present appeal was filed in September, 1983.

(14) Reference is made to a Chancery Division case in the matter of the Norton Company xxxvi Report of patent, design, and trade mark cases, 153 but that was a case of appeal against the order of the Registrar and the Court entertained new evidence. As regards the delay, reliance was placed upon *Synthetic Moulders v. Samperit* 1980 R.L.R. 263 to the effect that the party moving the court for infringement of registered trade mark must come without great delay. In *Firm Gaylord Shangrila and another v. Kwaliti Restaurant and Ice Cream Company* (1962) P.L.R. 1128 the delay of 10 months was taken into account and the interim stay declined. *Bengal Immunity Co. Ltd. Vs. Denver Chemical Manufacturing Co. and Others*, was also referred to in order to show that the court has to take into consideration all the surrounding circumstances—the extent of the resemblance, visual or phonetic, the nature of the market of the goods, the character, education and general mental equipment of the persons who are likely to purchase these goods and all other matters which are relevant. The absence of any evidence as regards any actual case of confusion or deception was considered however of no value whatsoever. In *Stadmed Private Ltd. v. Hind Chemicals* Air 1965 Punj 17 it was observed that when both the drugs are obtainable only on doctor's prescription, phonetic similarity even if established will not cause confusion. In *F. Hoffmann-la Roche and Co. Ltd. Vs. Geoffrey Manner and Co. Pvt. Ltd.*, it was observed that the marks must be compared as a

whole. It is not right to take a portion of the word any say that because that portion of the word differs from the corresponding portion of the word in the other case there is no sufficient similarity to cause confusion. The true test is whether the totality of the proposed trade mark is such that it is likely to cause deception or confusion or mistake in the minds of persons accustomed to the existing trade mark.

(15) In *Jagan Nath Prem Nath Vs. Bhartiya Dhoop Karyalaya*, this court observed that the mere fact that the other manufacturers had the numerals in question in their trade marks did not furnish a sufficient ground to discharge the interim injunction because of Section 28(3). It was held that in law, even though the appellant might not be in a position to enforce any right against the other registered holders of the trade mark, yet against every third person who was not a registered holder of the trade mark, he was entitled to enforce all his rights as registered holder of the trade mark. In *Parke Davis and Co. Vs. D.B.T. Pharmaceuticals*, temporary injunction was allowed as it was not known what injury would be caused to the goodwill of the plaintiff's business, when the prima facie case and balance of convenience lies in the grant of such an injunction. *Gazipur Chemical Works and Others Vs. The Deputy Registrar of Trade Marks and Others*, was an appeal case against the order of the Deputy Registrar and it was observed that normally the order should not be interfered with unless he had gone wrong in not considering a relevant piece of evidence or in having applied a wrong test.

(16) In *Lxix* the reports of patent, design and trade mark cases 241 in the case of *Porto gram Radio Electrical Company Limited* it was observed that an applicant is entitled to withdraw an application and to make a second application so as to obtain the advantage of a longer period of user.

(17) After giving my utmost and prolong consideration to the entire matter, I am not inclined to embark upon the prima facie nature of the respective cases of the parties on merits. The plaintiffs had obtained an adjudication in its favor from the Registrar and the decision of the Mysore High Court in the case of *K.R. Chinnakrishna Setty (supra)* does support their contention that the decision is binding. On the other hand the new- application of the defendant for registration of their trade mark before the Registrar as also their petition for rectification of the plaintiffs trade mark before the High Court are pending. They will receive adjudication in due course and I will not venture into that aspect any further. However, it is apparent that by now the defendants' medicine under the name "Synthocilin" is being marketed from about 8 years and the sales extend to lakhs every year. Prima facie there have been some delays on the part of the plaintiffs to seek restraining of the defendants from doing so or atleast pressing their application for interim injunction, in the trial court. Considerable time was also taken in filing the appeal. In these circumstances, it is a fit case for putting the parties to terms instead of restraining by issuing interim injunction. The trial court has already directed the defendants to file authenticated annual account

every year. Let three monthly statements of sales of "Synthocilin" product be submitted in the trial court till the disposal of the suit or the decision of the rectification application. The statements be duly verified as correct by a Director of the defendants company or its senior Respond able officer. I should have been inclined to require the defendants to furnish security for rupees 5 lacs, but have been informed that the defendants" company is a reputed concern of all India standing and their sale extend to crores every year. For the time, Therefore in the existing circumstances no security is sought.

(18) The appeal thus stand disposed of accordingly.