(2011) 11 DEL CK 0264

In the Delhi High Court

Case No : CS (OS) No. 1775 of 2008

Smithkline and French Laboratories Ltd. and Others — APPELLANT

Vs

M/s. Alliaance Biotech and Others. — RESPONDENT

Date of Decision : 24-11-2011

Acts Referred:

Citation : (2011) 11 DEL CK 0264

Hon'ble Judges : V.K. Jain, J

Bench : Single Bench

Advocate : Manav Kumar, for the Appellant;

Final Decision : Allowed

Judgement

V.K. Jain, J.—Plaintiff No.1 - SmithKline & French Laboratories Limited is a Company registered in United Kingdom whereas plaintiff No.2 - GlaxoSmithKline Pharmaceuticals Ltd. is a Company registered in India. These companies are group companies, forming part of what is known as GlaxoSmithKline Plc. GlaxoSmithKline is one of the leading pharmaceutical companies having presence in a large number of countries, including India. Plaintiff No.1 is the registered owner of the trademark FEFOL and FEFOL-Z in respect of the pharmaceutical preparations. The plaintiffs have been selling products under the brand name FEFOL in India since 1970 and they had sale of Rs.2530.1, 2407.4 and 2881.4 lakhs in the years 2005, 2006 & 2007 respectively, in India, from sale of products being sold under the brand name FEFOL. The plaintiffs claim to have incurred advertisement and promotional expenditure of Rs.103.3, 53.5 and 70.1 lakhs respectively during these years. Defendant No.1 is stated to be a partnership firm of defendants No.2 to 4 and is engaged in the manufacturing and marketing of pharmaceutical products. Defendant No.1 also has a website www.alliaancebiotech.com which contains information about their business activities and the products being manufactured and marketed by them. It is alleged that the defendants are selling products similar to that of the plaintiffs under the trademark FIFOL-Z. The product of the plaintiffs as well as the product of the defendants contains the same ingredients, i.e. carbonyl Iron, Zinc and Folic acid and are sold in the form of capsules as well as in the form of tonic also. The defendants, according to the plaintiffs, are thus committing infringement of registered trademark FEFOL and FEFOL-Z. The plaintiffs have sought an injunction restraining the defendants from manufacturing, selling, advertising or promoting pharmaceuticals preparations under the trademark FIFOL-Z or any other mark identical or deceptively similar to that of the plaintiffs'' trademark, FEFOL and FEFOL-Z. They have also sought mandatory injunction directing the Drugs Controller General of India to cancel the defendants'' permission to manufacture the said drug under the aforesaid mark. The plaintiffs have also sought delivery up of the infringing materials besides damages amounting to Rs.20 lakhs.

2. The defendants were proceeded ex-parte vide order dated 18th July, 2011 since no one appeared for them despite service. The plaintiffs have filed affidavit of Mr. Rahul Sethi by way of ex-parte evidence and in his affidavit Mr. Rahul Sethi has supported on oath the case set out in the plaint.

3. Ex. PX and PY are the legal proceeding certificates issued by the Trade Mark Registry which show that the trademark FEFOL and FEFOL-Z are registered in the name of plaintiff No.1, in respect of pharmaceutical preparations and the registrations are still valid. The registration date in respect of FEFOL is 10th December, 1969 whereas that in respect of FEFOL-Z is 26th May, 1993.

4. The case of the plaintiff is based primarily on infringement of its registered trademarks. If the impugned trademark is identical or deceptively similar to a registered trademark and is used in respect of the same goods or services in respect of which the trademark of the plaintiff is registered, that would constitute infringement of the registered trademark. The impugned trademark, in order to constitute infringement of a registered trademark need not be an absolute replica and it is sufficient if it is visually phonetically or otherwise so close to the registered trademark that it is found to be an imitation of the registered trademark. In fact, the infringer trademark is not likely to use a mark which is an absolute replica, but is likely to make some changes here and there so that in the event is mark is challenged, he may claim that the mark being used by him is not identical or deceptively similar to the registered trademark of the plaintiff. It is also settled proposition of law that the question as to whether the two competing marks are so similar as to be likely to deceive or cause confusion has to be approached from the point of view of a man of average intelligence and imperfect collection and not from the point of view of an educated person who is well placed in life. The Courts also need to ensure that there is no confusion in the mind of the customer as regards the source of the product he is buying and he needs to be assured that he buys the same product which he intends to buy and identifies by its name.

A comparison of the products of the plaintiffs Companies with the products of the defendants would show that both the products contain carbonyl Iron, Zinc and

Folic acid. The defendants have been selling this product in capsule form as well as in the form of syrup, though the plaintiffs appear to be selling only in capsule form. The only difference between the trademark of the plaintiffs and the trademark of the defendants is that letter ''E'' in the trademark of the plaintiff has been replaced by the letter ''I'' in the trademark of the defendants. Except for this rather insignificant change, there is practically no difference in the two trademarks. It can therefore hardly be disputed that the trademark FIFOL-Z of the defendants is structurally, phonetically as well as visually similar and almost identical to the registered trademark FEFOL-Z of the plaintiffs. In fact, phonetically there is practically no difference in the two trademarks since both of them are pronounced the same way.

In our country, it can hardly be denied that chemists and druggists do not hesitate in selling drugs without insisting upon prescription from a medical practitioner even if the medicine requires such a prescription. Almost all the drugs in our country are available over the counter, irrespective of the class in which they fall. If a person goes to a chemist shop to purchase a FEFOL-Z, the chemist on account of phonetic identity, may sometimes presumes that the customer is asking for FIFOL-Z and, therefore, sell the product of the defendants though the customer wants to purchase the product of the plaintiffs. If the quality of the product of the defendants is not as good as that of the product of the plaintiffs that may prejudicially affect the reputation and quality which the brand of the plaintiffs enjoys besides deceiving the customer who wants to buy the product of a reputed company, but ends up buying a product which is not as good in quality as the product he intends to buy. It is, therefore, necessary for the protection not only of the plaintiffs, but also of the customer, that such unfair and illegal business practices are not allowed to flourish and are adequately dealt with. The plaintiffs are, therefore, entitled to injunction sought by them against the use of the trademark FIFOL-Z by the defendants.

Coming to damages though the plaintiff has not proved the actual damages suffered by it on account of sale of the product of the defendant under the brand name FIFOL-Z, it is definitely open to this Court to award punitive damages in appropriate cases.

As observed by this Court in Time Incorporated Vs. Lokesh Srivastava and Another, , punitive damages are founded on the philosophy of corrective justice and are meant to send signal to the wrong doers that the law does not take a breach by them as a matter between rival parties but is also concerned about those also who are not party to the lis but suffer on account of the breach of law on the part of wrong doer. As held by this Court in Hero Honda Motors Ltd. Vs. Shree Assuramji Scooters, , this Court noticing that in a case where the defendant chooses to stay away from the proceedings of the Court, punitive damages need to be awarded, since otherwise the defendant, who appears in the Court and submits its account books would be liable for damages whereas a party which chooses to stay away from the Court proceedings would escape the liability on account of the failure of the availability of account books. In fact, punitive damages are appropriate relief where on account of absence of the defendant exact figure of the sale made and profit earned by him by infringing the trademark of the plaintiff and/or passing off his goods as those of the plaintiff cannot be ascertained. The Courts also take into consideration the fact that a lot of time and money is spent by trademark owners in litigation against those who infringe the trademark and try to encash upon the goodwill and reputation of other brands by passing off their goods and services as those of others. Award of punitive damages, therefore, describes dishonesty and curbs tendency to gain an unfair advantage by infringement of the legal rights of others. Failure of the Court to award punitive damages is likely to encourage unscrupulous persons actuated by dishonest intention, to use the trademarks of others and encash upon their goodwill and reputation which they have built with years of hard work and labour.

5. For the reasons given in the preceding paragraphs, the defendants are hereby restrained from manufacturing, selling, marketing or advertising or promoting any pharmaceutical preparations under the trademark FIFOL-Z, FIFOL or any other mark which is identical or deceptively similar to the registered trademark FEFOL/FEFOL-Z of the plaintiffs. The plaintiffs are also awarded punitive damages, amounting to Rs 2 lakh. If the amount of damages is not paid within four weeks from today, the plaintiffs will also be entitled to interest on the amount of damages at the rate of 6% per annum from the date of the decree till payment.

Decree sheet be drawn accordingly.

