

(2014) 09 DEL CK 0337

In the Delhi High Court

Case No : FAO (OS) 66/2014 and CM Nos. 1877/2014 and 1879/2014

Sun Pharmaceutical Industries Ltd.

APPELLANT

Vs

Anglo French Drugs and Industries Ltd.

RESPONDENT

Date of Decision : 12-09-2014

Acts Referred:

Trade Marks Act, 1999 — Section 2(1)(h), 28, 28(1), 29(1)

Citation : (2015) 215 DLT 493 : (2015) 63 PTC 580

Hon'ble Judges : Siddharth Mridul, J;Badar Durrez Ahmed, J

Bench : Division Bench

Advocate : Hemant Singh, Sachin Gupta and Sashi P. Ojha, Advocate for the Appellant; Sudhanshu Batra, Sr. Advocate, Rajeshwari, Yash Wardhan Tiwari and Shailendra Singh, Advocate for the Respondent

Final Decision : Dismissed

Judgement

Siddharth Mridul, J.—The appellants/plaintiffs have come up in this appeal being aggrieved by the order dated 02.12.13 passed by a learned Single Judge of this court in IA Nos. 16701/2011 and 485/2012 in CS (OS) 2596/2011. By way of the impugned order the interim injunction granted to the appellant/plaintiff vide order dated 18.10.2011 has been vacated.

2. Facts necessary to adjudicate the present appeal are briefly stated in the succeeding paragraphs:

3. The appellant is a pharmaceutical company incorporated under the Companies Act, 1956 which markets drugs and formulations in India and over 30 countries in the world under a wide range of distinctive trademarks/brand names for the last several years. The appellant had an annual turnover of Rs. 4000 crores for the year 2007-08 in the manufacturing of specialty pharmaceuticals and active pharmaceutical ingredients. One of the medicinal preparations marketed by the appellant is Oxcarbazepine, an anticonvulsant and mood stabilizing drug used in the treatment of epilepsy and bipolar disorder under the trade mark OXETOL.

4. The appellant has been preparing and marketing this drug extensively and commercially since October 2001. The appellant's trademark OXETOL was registered in India in Class 5 under registration No. 1013231 on 31.05.2011 and No. 1232899 on 05.09.2003. The annual sales figure of the medicine under the trademark OXETOL is Rs. 31.28 crores and approximately Rs. 4.98 crores was spent on promotion and advertisement of this drug during the year 2010-11.

5. Respondent No.1 adopted the trademark EXITOL which the appellant came to know when Respondent No. 1's trademark application No. 1910625 dated 19.01.2010, on proposed to be used basis, was published in the Trade Mark Journal No. 1455 dated 25.10.2010. The appellant sent legal notice to respondent No.1 calling it to withdraw the impugned trademark application, however the respondent did not give any reply and the appellant filed its notice of opposition before the Registrar of Trade Marks.

6. It is stated that the medicine under the impugned trademark EXITOL is not available in any of the medicinal trade journals and/or markets. Respondent No.1 through its counsel sent an e-mail dated 12.05.2011 to the appellant offering to give an undertaking that they would confine the use of the mark EXITOL to granules and syrups containing Lactitol Monohydrate for treatment of constipation only and not use the mark towards any other pharmaceutical product.

7. The appellant wrote to the respondent's counsel seeking monetary compensation proposing grant of regulating license for compensation/ license fee which was declined by the defendant's counsel. It is the case of the appellant that the impugned trademark EXITOL of the respondent is almost identical to the appellant's trademark OXETOL and thus the same amounts to infringement and the act of the respondent constitutes an unfair competition as the respondents are using the trademark deceptively similar to the trademark of the appellant and thus taking advantage of the financial and human resources invested by the appellant since 2001 without incorporating any cost themselves.

8. The case of the respondent is that the respondent honestly adopted the mark EXITOL for treatment of constipation since it contains the salt namely Lactitol. The product is sold in syrup and granule form and there is difference in the mark of the appellant and that of the defendant. Respondent No.1 not only monitors the making of the products but also monitors the finished products including the marketing of them and its products enjoy great reputation and goodwill in the market.

9. Learned counsel for the appellant submits that the appellant is a registered proprietor of the trademark OXETOL and u/s 28 of the Trade Marks Act, 1999 is entitled to the exclusive right to use the same for medicinal preparations which include all forms of drugs. The mark of the defendant EXITOL being structurally and phonetically similar to the trademark of the appellant is capable of causing deception and confusion and constitutes infringement u/s 29(1) of the Trade

Marks Act.

10. Reliance is placed on the case reported as Franco Indian Research Pvt. Ltd. Vs. Unichem Laboratories Ltd., wherein it was held:

"5. The Supreme Court in its Judgment in the case of Cadila Pharmaceuticals Ltd. (supra) has laid down the considerations that the Court has to keep in mind while considering the possibility of deception due to phonetic and/or visual similarity of trade mark in relation to pharmaceutical products. The Supreme Court observes thus:-

"31. Trade mark is essentially adopted to advertise one's product and to make it known to the purchaser, it attempts to portray the nature and, if possible, the quality of the product and over a period of time the mark may become popular. 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. Passing-off is said to be a species of unfair trade competition or of actionable unfair trading by which one person, through deception, attempts to obtain an economic benefit of the reputation which another has established for himself in a particular trade or business. The action is regarded as an action for deceit." (See Wander Ltd. v. Antox India (P) Ltd.)

32. Public interest would support lesser degree of proof showing confusing similarity in the case of trade mark in respect of medicinal products as against other non-medicinal products. Drugs are poisons, not sweets. Confusion between medicinal products may, therefore, be life threatening, not merely" inconvenient. 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. They may not be in a position to differentiate between the medicine prescribed and bought which is ultimately handed over to them. This view finds support from McCarthy on Trade Marks, 3rd Edn., para 23.12 of which, reads as under:-

"The tests of confusing similarity are modified when the goods involved are medicinal products. Confusion of source or product between medicinal products may produce physically harmful results to purchases and, greater protection is required than in the ordinary case. If the goods involved are medicinal products each with different effects and designed for even subtly different uses, confusion among the products caused by similar marks could have disastrous effects. For these reasons, it is proper to require a lesser quantum of proof of confusing similarity for drugs and medicinal preparations. The same standard has been applied to medical products such as surgical sutures and clavicle splints."

"It is clear from the above quoted observations of the Supreme Court that for the purposes of finding out possibility of deception due to similarity in the two trade marks, the Court has treated medicinal products as one class. The Supreme Court has also laid it down that the Court while considering trade marks in relation to any other goods, considers whether there is probability of confusion and/or deception but, insofar as medicinal preparations are concerned, the Court has to see whether there is a possibility of confusion or deception. The Supreme Court has observed that many patients may be elderly, infirm or illiterate, they may not be in a position to distinguish between two medicinal preparations. If one compares the registered trade mark of the plaintiffs "EVACUOL" with the word mark of the defendants "EVACAL", it is clear that there is both, phonetic and visual similarity between the two marks. It is also not disputed that both are medicinal preparations. Therefore, applying the standards laid down by the Supreme Court referred to above, in my opinion, possibility of confusion and/or deception cannot be ruled out. Though it was submitted by the learned counsel appearing for defendants that the observations of the Supreme Court in Cadila Pharmaceuticals Ltd.'s case are too wide and that merely because the two goods involved are medicinal preparations, one cannot lose sight of the fact as to how the drug is to be administered, in what shops the drug is sold, for what ailment the drug is prescribed. However, considering the direct observations that have been made by the Supreme Court, it is -not possible for this Court to deviate from the law that has been laid down by the Supreme Court. So far as the reliance placed by the learned counsel on the Judgment in the case of Ranbaxy Laboratories Ltd. (supra) is concerned, the observations regarding other surrounding circumstances to be considered by the Court in the matter of sale of the drug, size of the tablet etc. are after the Court recorded the finding that there is no phonetic similarity in the two trademarks. Therefore, those aspects were taken into consideration as additional facts for not granting an order of temporary injunction but once the Court comes to the conclusion that there is phonetic and visual similarity between the two marks, the Court cannot decline to grant injunction only because they are sold in different form, their wrappers are different and that they are prescribed for two different ailments. So far as the Judgment of the Division Bench relied on by the learned counsel for defendants in Medley Laboratories (P) Ltd.'s case is concerned, in my opinion, that Judgment cannot read to be laying down different law that the one laid down by the Supreme Court in Cadila's case as that Judgment has been referred to by the Division Bench. Once it is found that there is real possibility of there being deception because of the visual and phonetic similarity, in my opinion, the fact that the defendants might have adopted its trade mark honestly and bona fide, loses its significance. Even where the adoption, is honest and bona fide, but if it is likely to cause deception, then in my opinion, that the fact that the adoption was bona fide and honest would not come in the way of the Court granting temporary injunction in favour of the plaintiffs to prevent possibility of deception and/or confusion."

11. It is submitted that the present case being an action for infringement, the relevant consideration is only the similarity of the essential features of the registered trademark and the impugned trademark as opposed to an action for passing off wherein the defendant can escape liability by showing dissimilar features. Differences between the appellant's mark and the respondent's mark are therefore, irrelevant.

12. Per contra the respondent argues that the appellant's medicine under the trademark OXETOL is used as anticonvulsant, mood stabilizing drug for epilepsy, bipolar disorders, neurological disorders etc. The appellants have never sold nor sell laxatives, have no presence in the laxatives business at all. The respondents have invented the mark and honestly adopted the same. The word "EXI" is derived from "exit" for constipation and "TOL" is derived from the generic name of the drug lactitol. EXITOL is thus an invented word and not a dictionary word. Further there are major differences between the mark of the appellant and the defendants, such as the name of the product, word structure, active ingredient, product form, packaging, artwork/ graphics, visual impression, disease condition, prescribing doctor, purchasing public, consuming public and the price. It is therefore, highly improbable that any confusion would persist between the two products.

13. The learned Single Judge considering all the pleas raised on behalf of the parties and on consideration of the facts and circumstances of the case and both the competing marks held that the two trademarks are not similar and are quite distinct. The said findings are vehemently challenged by the appellants/plaintiffs in this appeal. In the light of the aforesaid submissions and refutation of the same by the counsel appearing for the respondent /defendant, we proceed to dispose of this appeal by giving our reasons and findings thereon.

14. At the outset, it would be necessary to advert to the relevant provisions of the Trade Marks Act, 1999, the same are reproduced as under:

"28. Rights conferred by registration.-

(1) Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act.

(2) The exclusive right to the use of a trade mark given under sub-section (1) shall be subject to any conditions and limitations to which the registration is subject.

(3) Where two or more persons are registered proprietors of trade marks, which are identical with or nearly resemble each other, the exclusive right to the use of any of those trade marks shall not (except so far as their respective rights are subject to any conditions or limitations entered on the register) be deemed to

have been acquired by any one of those persons as against any other of those persons merely by registration of the trade marks but each of those persons has otherwise the same rights as against other persons (not being registered users using by way of permitted use) as he would have if he were the sole registered proprietor.

15. Section 28(1) of the Act confers upon the registered proprietor of a trade mark, the exclusive right, upon a valid registration, to the use of the trade mark in relation to goods or services in respect of which the trade mark is registered. Section 29(1) provides that a registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to the trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark. The expression "deceptively similar" is defined in Section 2(1)(h):

"A mark shall be deemed to be deceptively similar to another mark if it so nearly resembles that other mark as to be likely to deceive or cause confusion."

16. The guiding principles in an action for infringement are quite settled. The Supreme Court has elaborately dealt with a case of infringement of trademarks in pharmaceutical drugs in *Cadila Pharmaceuticals Ltd.* (supra) and emphasized the need of a stricter standard in matters of infringement and passing off involving pharmaceutical products.

17. Counsel for the appellants has assailed the impugned order on two broad arguments. The first being that in view of the observations made in *Cadila Pharmaceuticals Ltd.* (supra) even the possibility of confusion between competing trademarks is sufficient to arrive at a conclusion of deception. 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. The second argument is that in an action for infringement, it is the similarity in the competing trademarks that has to be considered and the marks "OXETOL" and "EXITOL" are not only phonetically similar but also capable of causing highly undesired confusion.

18. The judgment of the Supreme Court in *Cadila* has to be read in its entirety. The contours of the test laid down by the Supreme Court cannot be restricted by an artificial process which focuses attention only upon the factual aspect of both products being pharmaceutical preparations. A subsequent part of the judgment, held thus:

"42. Broadly stated in an action for passing off on the basis of unregistered trade mark generally for deciding the question of deceptive similarity the following factors to be considered:

- 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 and
- g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

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

19. It cannot lead to the conclusion that any slight semblance of phonetic similarity between two marks would automatically satisfy the test of confusion to a man of average intelligence having imperfect recollection. Both marks have to be seen as a whole. Admittedly, both the drugs are schedule H drugs and are sold only on prescription. The word TOL is prefixed by word "EXI" in the defendant's mark and by the word "OXE" in the appellant's mark. It is common knowledge that the medicinal preparations are named after the chemical composition, or the disease they cure, or the organ with which they are related. In this context, the learned single judge has rightly cited the case reported as Astrazeneca UK Limited and Another Vs. Orchid Chemicals and Pharmaceuticals Ltd., wherein similar words in competing marks being publici jurisdiction was considered and it was held as under:

"21. In our considered opinion the facts of the said case are almost similar and squarely applicable to the facts of the present case. "Meropenem" is the molecule which is used for treatment of bacterial infections. In that view of the matter, the abbreviation "Mero" became a generic term, is publici Jurisdiction and it is distinctive in nature. Consequently, the appellants/plaintiffs cannot claim exclusive right to the use of "Mero" as constituent of any trademark. The possibility of deception or confusion is also reduced practically to nil in view of the fact that the medicine is sold only on prescription by dealers. The common feature in both the competing marks i.e. "Mero" is only descriptive and publici Jurisdiction and, Therefore, the customers would tend to ignore the common feature and would pay more attention to the uncommon feature. Even if they are expressed as a whole, the two did not have any phonetic similarity to make it objectionable. There are at least four other registered users of the prefix "Mero"

in India whereas the names of 35 companies using "Mero" trademarks, which have been registered or applied for registration, have been furnished in the pleadings. The respondent/defendant advertised its trademark "Meromer" after submitting its application for registration and at that stage, there was no opposition even from the appellants/plaintiffs. The trademark of the respondent/defendant was registered there being no opposition from any quarter, including the appellants/plaintiffs.

22. Consequently, the two names, namely, "Meromer" and "Meronem" are found to be prima facie dissimilar to each other. They are Schedule-H drugs available only on doctor's prescription. The factum that the same are available only on doctor's prescription and not as an over the counter medicine is also relevant and has been rightly taken note of by the learned Single Judge. In our considered opinion, where the marks are distinct and the features are found to be dis-similar, they are not likely to create any confusion. It is also admitted by the parties that there is a difference in the price of the two products. The very fact that the two pharmaceutical products, one of the appellants/plaintiffs and the other of the respondent/ defendant, are being sold at different prices itself ensures that there is no possibility of any deception/confusion, particularly in view of the fact that customer who comes with the intention of purchasing the product of the appellants/plaintiffs would never settle for the product of the respondent/defendant which is priced much lower. It is apparent that the trademarks on the two products, one of the appellants/plaintiffs and the other of the respondent/defendant, are totally dissimilar and different."

20. It is noticed that the active ingredients of the two products are different. The product of the appellant is available in capsules and tablets and that of the respondent is available in syrups or granules. The packaging and visual representation of both the products is quite dissimilar. Further, the two drugs are used for totally different purposes, as OXETOL is used as an anticonvulsant for mood stabilizing whereas EXITOL is used as a laxative. The respondent's product EXITOL can be administered only to patients admitted in the hospital and thus it has to be prescribed by trained doctors and administered by trained nurses.

21. The dissimilarities between the two marks have been pointed below:

22. Coming to the argument of test of infringement being similarity between two marks, we are of the opinion that the learned single judge has considered the same in the right perspective in para 12 of the impugned order:-

"12. Undoubtedly, while deciding the question of infringement this court has to bear in mind that the claim for infringement of the plaintiff is based on its statutory right unlike a case of passing off. While dealing with the trademarks ACICAL and ACUCAL with regard to drugs in Sun Pharmaceuticals Industries Ltd. Vs. M/s West Coast Pharmaceuticals Works Ltd. and 1, the High Court noted that the user of the two drugs was different, even the relevant material and ingredients were different, the chemical composition was different and so were

the mode of taking it, one being a chewable tablet while the other a gulpable tablet. Applying the principal laid down in Cadila Health Care it was held that prima facie there was no such similarity in both the drugs ACUCAL and ACICAL so that the same may cause confusion in the mind of the chemist or the consumer. In Ranbaxy Laboratories Limited Vs. Intas Pharmaceuticals Ltd. and Others, it was held that if a drug is ordered by hospital, there is no reasonable likelihood that NIFTAS would be passed off as NIFTRAN since the nurses and doctors in the hospital are always in a position to distinguish the drugs not only on account of difference in the name but also on account of packaging, price of the drugs and the form in which they are sold. In Kalindi Medicure Pvt. Ltd. Vs. Intas Pharmaceuticals Ltd. and Another, this Court noted that physicians are also not immune from confusion and mistake, however one product was sold as pill while the other product was sold as intra-muscular injection with huge difference in price. That being the position, the balance of convenience was in favour of the defendant and hence the interim injunction was vacated in case wherein the two drugs were named as LOPRIN and LOPARIN."

23. We must indicate at this stage that interference in this appeal would be called for only if we reach the conclusion that the exercise of discretion in favour of the respondents is contrary to the settled principles for the grant of a temporary injunction as laid down in Wander Ltd. and Another Vs. Antox India P. Ltd., .

24. In our considered view, we find no infirmity with the findings arrived at by the learned Single Judge at this stage, which are prima facie in nature. Consequently, the appeal is dismissed. The pending applications also stand disposed of. There shall be no order as to costs.