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IN THE HIGH COURT OF DELHI AT NEW DELHI

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LPA No.679 of 2011

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Reserved on: December 01, 2011

Pronounced on: May 18, 2012

UNITED BIOTECH PVT. LTD.

. . . APPELLANT

Through: Mr. Gaurav Pachnanda with
Ms. Sangeet Goel, Mr. Mohit
Goel, Mr. Sidhant Goel and
Mr. Yawar, Advocates.

VERSUS

ORCHID CHEMICALS & PHARMACEUTICALS
LTD & ORS.

. . .RESPONDENTS

Through: Mr. S. Santhanam
Swaminathan with Ms. Clady
Daniels, Advocates for
respondent No.1.
Mr. D. Tomar, Advocate for
respondent No.3.

CORAM :-

HON'BLE THE ACTING CHIEF JUSTICE

HON'BLE MR. JUSTICE RAJIV SAHAI ENDLAW

A.K. SIKRI (ACTING CHIEF JUSTICE)

1. The appellant herein got registration of trademark FORZID under No.1144258 dated 18.10.2002 in Class – 5 questioning this registration in favour of the appellant, the respondent herein filed application for removal of the aforesaid trademark FORZID or rectification of register under Sections 9, 11, 18, 57 and 125 of the Trademarks Act, 1999 (hereinafter referred to as 'the Act'). To put it in brief, the removal was sought on the ground that the said trademark FORZID was deceptively similar to an earlier registered trademark, viz., ORZID (label mark), standing registered in the name of the respondent No.1 in Class – 5. The plea of the respondent herein was accepted by

the Intellectual Property Appellate Board ('IPAB' for brevity) vide decision dated 14.10.2008. The IPAB allowed the rectification application with direction to the Registrar of the Trademarks to remove the trademark FORZID belonging to the appellant from the register. The appellant filed Writ Petition challenging the said order of the IPAB which has been dismissed by the learned Single Judge vide orders dated 04.7.2011 thereby affirming the order of the IPAB. The appellant filed the instant intra-Court appeal questioning the validity of the said order of the learned Single Judge.

2. When this appeal came up for hearing on 30.8.2011, counsel for the appellant had *inter alia* urged that the respondent has filed the rectification application without leave being obtained under Section 124(1)(B)(ii) of the Trademarks Act, 1999 from the Madras High Court and therefore, rectification application before the IPAB was not maintainable. It was noted by the Division Bench that this plea urged by the appellant had not been dealt with by the learned Single Judge. It was not known as to whether the same was even pressed or not, liberty was granted to the appellant to move an application before the learned Single Judge in this behalf. The application was accordingly moved before the learned Single Judge. This application has also been dismissed vide orders dated 09.9.2011. Thereafter, leave was given to include challenge to this order as well. It is in this backdrop we are called upon to deal with the orders dated 04.7.2011 passed in the writ petition and orders dated 09.9.2011 passed in the Miscellaneous Application. Arguments were heard on these aspects, which are submitted vide written submissions of the parties as well.

3. In the application for rectification filed by the respondent before the IPAB, it was claimed that the respondent was the manufacturer and marketer of various pharmaceutical products under a large number of trademarks. The company which had a modest ₹12 Crores of infrastructure in 1994-95 has grown at a remarkable pace to achieve a capital base of ₹800 Crores; has achieved a turnover of US\$163 million and a world leadership in the pharmaceutical bulk actives in a short period of time. The respondent also claims to have two modern state of art manufacturing plants and a one of its kind R & D centre. It was awarded the prestigious ISO 9001:2000, ISO 14001 and OHSAS 18001 certificates for its world class quality management, environmental management and occupational health and safety management system. It was also claimed by the respondent that it is the pioneer in establishing 'zero discharge' facilities in the Indian pharmaceutical industry. In the year 1999, it adopted the trademark ORZID which is used with respect to the appellant's pharmaceutical preparations having active ingredient CEFTAZIDINE and the said mark became popular among the medical fraternity. On 06.9.1999, the appellant filed application No.874808 for registration of trade mark ORZID with respect to medical and pharmaceutical preparations. This application was advertised in the Trade Marks Journal No.1291 (S) dated 13.3.2003 and got registration of the mark unopposed. The appellant commenced use of the trademark upon goods with effect from May, 1999. It was, thus, claimed that being prior user and prior registered proprietor, the use by any person, an identical or any other mark deceptively similar thereto would amount to infringement of the appellant's registered trademark. As per the

respondent, it came to know about the trademark FORZID of the appellant in respect of medicinal and pharmaceutical preparations in September, 2007 which according to the respondent was slavish imitation of the respondent registered trademark. The respondent No.1, thus, filed a civil suit in C.S. No.1027 2007 in the High Court of Madras seeking permanent injunction restraining the appellant to use that trademark which amounted to infringement of registered trade mark and from passing off its goods as that of respondent. *Ex parte* injunction was granted on 22.11.2007. However thereafter, this the respondent filed OA No.187 of 2008 seeking interim injunction against passing off. While this application was pending adjudication, the respondent also filed the aforesaid application for rectification before the IPAB. In the reply filed by the appellant to the said application, the appellant also claimed to be part of the famous United Group of Companies and is one of the fastest growing companies in the Indian Pharmaceutical Industry, incorporated under the Companies Act, 1956 in the year, 1997 and had established a great reputation by adopting latest manufacturing techniques introducing world class quality products, ground braking R & D efforts in association with its foreign counterparts and for setting new standards of customer service.

4. The plea of the appellant regarding trademark FORZID was that this trademark was adopted in the year, 2001 and the registration of trademark for its pharmaceutical preparations and obtained registration of the trademark unopposed under No.1144258 dated 18.10.2002. It was stated that the appellant is continuously and extensively using the same and in the year 2006-07, the sale of goods under this trademark was

₹229.51 lacs. According to the appellant, the trademark FORZID is an invented word coined by the appellant. The mark is adopted from the words FORceftaZIDime, where the suffix 'ZID' was adopted from the word Ceftazidime, which is the medicinal ingredients of the drug and thus and such an adoption ought to have been also protected under Section 35 of the Act. Furthermore, several manufacturers of Ceftazidime injections were using trademarks with the suffix 'ZID', such as OZID, IZID, INDOZID, KEMZID, MANZID, MEGZID, MYZID, NICZID, etc. Moreover, the appellant's product FORZID injection is a Schedule 'H' drug, which can be sold only on the written prescription of a registered medical practitioner. The appellant's product FORZID is always prescribed by a doctor based on the ailments suffered by a patient and is dispensed with by a qualified druggist and chemist. This fact was also wrongly not considered in favour of the appellant.

5. The appellant had also narrated about the orders passed by the Madras High Court whereby *ex parte* stay was granted in favour of the respondent was vacated by way of speaking order and the appeal against that order was also dismissed by the Division Bench of the Madras High Court and the plea of delay was taken up.
6. The IPAB was, however, not convinced with the defence put by the appellant herein. It held that the trademark FORZID was deceptible similar to the earlier trademark ORZID in respect of some pharmaceutical products. Position in law was stated, viz., a trademark cannot be registered if it is of such nature as to deceive the public or cause confusion or it is similar with an earlier trade mark and goods covered by the trademark are

similar, the IPAB quoted from the judgment of the Supreme Court in ***Amritdhara Pharmacy Vs. Satya Deo Gupta***, AIR 1963 SC 449 and ***Cadila Health Care Limited Vs. Cadila Pharmaceuticals Limited***, 2001 (1) CTMR 288 (SC) and on the application of principles in those judgments, position in the instant case was analysed in the following manner:

"16. In the present case, the applicant contended that the two marks ORZID and FORZID are structurally, visually and phonetically similar to each other. There is no doubt that in both the marks the syllables 'ZID' have been taken from the pharmaceutical composition Ceftazidime and in the prefix 'OR' and 'FOR' the only uncommon syllable is 'F'. It is difficult to hold that FORZID is phonetically altogether dissimilar to ORZID. While pronouncing, both the marks give only slightly different sound but structurally and visually the marks ORZID and FORZID have close resemblance to each other. Judicial pronouncements have been made by various Courts holding that the prefix of the word should be given due weightage and importance in case where the suffix is common [see *Jagsonpal Pharmaceuticals v. Jagson Parenterals (P) Ltd.*, 1997 PTC (17)] and in view of this the close structural and visual similarity should be given due weightage in the present case. It is also well settled that the competing marks should be compared as a whole without dissecting the same. In the *Cadila Health Care Limited* (supra), the Supreme Court with approval referred the observation of Farwell, J. in *William Baily (Birmingham) Ltd.'s Application*, (1935) 52 RPC 136: "It is well recognized that in deciding a question of similarity between two marks, the marks have to be considered as a whole. So considered, we are inclined to agree with Desai, J., that the marks with which this case is concerned are similar. Apart from the syllable 'co' in the appellant's mark, the two marks are identical. That syllable is not in our opinion such as would enable the buyers in our country to distinguish the one mark from the other" in the present case also apart from the letter 'F' in the mark of respondent No.1, the two marks are identical and the letter 'F' is not in our opinion is such as would enable the buyers in our country to distinguish the one mark from the other. In the case of *Amritdhara Pharmacy*, the Court held *Amritdhara* and *Lakshmandhara* were likely to deceive or to cause confusion based on the facts of the case. The Court

observed that the use of the word 'dhara' which is literally meant 'current or stream' is not by itself decisive of the matter. A critical comparison of the two names may disclose some points of difference but an unwary purchaser of average intelligence and imperfect recollection would be deceived by the overall similarity of the two names having regard to the nature of the medicine he is looking for with somewhat vague recollection that he had purchased a similar medicine on a previous occasion with a similar name. The Court further observed that each case must be decided on its own facts. In the case on hand due to overall close structural and visual similarity the unwary purchaser will be deceived or confused. It is a settled principle that while ascertaining two rival marks, as to whether they are deceptively similar or not, it is not permissible to dissect the words to the two marks. It is also held that the meticulous comparison of words, letter by letter and syllable by syllable, is not necessary and phonetic or visual similarity of the marks must be considered. On seeing the two marks, the first impression one gets is that both marks are same unless the person meticulously compares or he has been gifted with Sherlockholm's eyes. In view of paras 15 and 16 of the Apex Court's judgment in the Cadila Health Care Limited (*supra*), both products are Schedule 'H' drug is no guarantee that there will be no confusion or deception. We agree with the contention of the applicant that there will be adverse effect if a patient mistakenly gets injected 1000mg instead 250mg of injection. The trade channel of both goods/products are same and the consumers are patients of the same/common ailment. In the same judgment the Court further observed that the marks in every case in determining what is likely to deceive or cause confusion must depend on its' own particular facts, and the value of authorities lies not so much in the actual decision. The reliance placed upon several judgments by the learned counsel for respondent No.1 to bring home his contention that both the competing marks are dissimilar will be of no help in furthering such contention as in most of the cases the findings of the Courts are *prima facie*. For instance, in the *Astrazeneca UK Ltd. And Anr (supra)* the Court has expressly stated that needless to mention, the view expressed are tentative and *prima facie* conclusion which shall not be treated as expression of any final opinion of the final merits of the case."

7. It was also held that the appellant adopted the trademark FORZID with dishonest and *mala fide* intention and had even set up a false claim of user date. The IPAB also rejected the plea on delay, laches and acquiescence. Discussion on these aspects is as under:

"18. Now we would take up the issue that the respondent No.1 is not the proprietor of the trade mark and its adoption is dishonest with mala fide intention. The respondent No.1 has stated that it has coined the trade mark FOR plus ZID. Being taken from the bulk drug CEFTAZIDIME but the respondent No.1 has not explained as to why it has adopted FOR, as it is neither the name of the company nor indicating or relating anything to the respondent No.1. The impugned trade mark of the respondent No.1 has submerged the trade mark of the applicant in its entirety in the impugned trade mark. The trade mark of the applicant has been in use since 1999. Therefore, the adoption of trade mark FORZID by the respondent No.1 subsequent to the use of the trade mark by the applicant gives serious doubts about the bona fide adoption of the impugned mark by the respondent No.1. The documents filed by the applicant proves beyond doubt that it is the prior adopter and user of the trade mark ORZID. When that be so, the respondent No.1 ought to have explained the reasons for adoption of such deceptively similar mark. It is not the case of the respondent No.1 that it was not aware of the existence of the registered trade mark of the applicant. Besides this, the respondent No.1 has also not averred or pleaded that it has made any application to the Registrar of Trade Mark in search of a conflicting mark registered or pending registration. In the case of dishonest adoption no amount of user makes the adoption honest. As per section 18 of the Act, being the subsequent adopter of the mark, the respondent NO.1 cannot claim to be the proprietor of the impugned trade mark. When the respondent No.1 is hit by section 9(1)(a) and (2)(a) and section 11(1) and (2)(a) of the Act. The submission of the respondent No.1 that the ZID is common to trade is not sustainable in the absence of any proof that the names/marks occurring in the Drugs Today 2005 are at all in use or if in use, the extent of their use.

19. We consider that there is considerable force in the contention of the appellant that the respondent No.1 has obtained registration on false claim of user date. In the

application for registration dated 18.10.2002 and in the advertisement issued in the Trade Marks Journal the date of user is shown as 01.01.2001. The claim of respondent No.1 that it had adopted the trade mark and had been using the same since 01.01.2001 for which there is no material placed on record by the respondent No.1 to substantiate its claim. The respondent No.1 entered into an agreement for manufacturing of its product with its licensee on 30.01.2001 and thereafter the licensee obtained licence on 13.05.2002 and launched FORZID on April 25, 2002. In view of these facts, it is certain that the respondent No.1 has claimed the use date falsely and hence not entitled for obtaining the impugned registration. Therefore, the allegation that the registration is wrongly remaining without sufficient cause on the register is proved beyond doubt."

8. Consequently, the rectification application was allowed.
9. Before the learned Single Judge, arguments were substantially the same. The learned Single Judge first took up the issue of deceptive similarity between the two competing marks FORZID and ORZID. According to the learned Single Judge, no doubt, the word 'ZID' which was common to both FORZID and ORZID was derived from active pharmaceutical ingredient CEFTAZIDIME. However, while comparing the two trademarks as a whole, it was clear that FORZID is nothing but ORZID prefixed by a soft consonant 'F'. This meant prefixing of the letter 'F' failed to distinguish FORZID sufficiently from ORZID so as not to cause deception or confusion in the mind of an average customer holding that the two competing marks were to be compared as a whole which was the rule of dissection of mark is an exception which is not generally permitted, in the present case, IPAB applied a correct test. The learned Single Judge also discussed in detail the principle of law laid down in ***Cadila Health Care Limited (supra)*** case, viz., "more regress test" in deciding the matters relating to pharmaceuticals with preparations and observed as under:

"26. Viewed in light of the decision in **Cadila Health Care Ltd.** admittedly both FORZID and ORZID are prescription drugs. The dosages of FORZID and ORZID are not the same. It would pose a grave risk to health if a person who has been prescribed a dosage of 250mg CEFTAZIDIME injection (ORZID) is administered a 1000mg dosage (FORZID). These are injections administered intravenously and can have a direct and immediate impact. In the circumstances, the mere fact that they are priced differently is not sufficient to hold that the unwary average purchaser of the drugs will not be confused into thinking one is as good as the other or in fact both are the same drug. Then there is the other real danger that a prescription written for ORZID may be mistaken by the dispenser at the pharmacy shop to be FORZID or vice versa. If it is asked for verbally the phonetic similarity is likely to cause confusion. The health of a person for whom the medicine is prescribed cannot possibly be put to such great risk. In the considered view of this Court on the question of deceptive similarity, the reasoning and conclusion of the IPAB does not call for interference."

10. Following dicta from the judgment of the Apex Court in **Gujarat Bottling Co. Ltd. and Others Vs. Coca Cola Co. and Others**, (1955) 5 SCC 545 also brings home the point candidly:

".....(i) the licensing does not result in causing confusion or deception among the public; (ii) it does not destroy the distinctiveness of the trade mark, that is to say, the trade mark, before the public eye, continues to distinguish the goods connected with the proprietor of the mark from those connected with others; and (iii) a connection in the course of trade consistent with the definition of trade mark continues to exist between the goods and the proprietor of the mark....."

11. Section 11 of the Act becomes significant in the process. It uses the expression earlier "trademark" and not "earlier registered trademark". As per Section 2 (z) (b) of the Act, therefore, phonetic similarity could be compared while examining the case of the confusion. It is for this reason, we

have earlier observed that the arguments proceed on wrong premise.

12. Brushing aside the arguments of the learned counsel for the appellant that the respondent could not have successfully asked for rectification, as respondent's registration was only for a label mark, the learned Single Judge observed that the judgment by the Supreme Court in the case of **Ramdev Food Products Ltd. Vs. Arvinbhai Rambhai Patel**, AIR 2006 SC 3304 was a complete answer to this argument. The learned Single Judge also rejected the contention of the appellant that in view of orders of the Madras High Court vacating the interim injunction, IPAB has passed the impugned order on the principles of comity of jurisdiction, observed that in forming an opinion at the time of deciding interim injunction only *prima facie* conclusion is arrived at.
13. Dismissing the application for modification preferred by the appellant, vide orders dated 09.9.2011, the learned Single Judge, in the first instance, clarified that the plea of prior permission of the High Court of Madras High Court was not pressed when the writ petition was finally heard. However, counsel for the appellant had necessitated that this plea be taken on merits as it goes to the root of the matter. It was noted by the learned Single Judge that when the application for interim injunction was dismissed and *ex parte* stay vacated by the Madras High Court as far as infringement of trademark ORZID, the appellant thereafter filed application to restrain the appellant from passing off its pharmaceutical preparation using the trade mark FORZID. This application as dismissed by the learned Single Judge on 30.4.2008. Prior thereto on 11.3.2008, the respondent filed a rectification application

before the IPAB. Consequently, when the respondent filed appeal before the Division Bench, the rectification application was already pending before the IPAB. The appellant, at this stage, could not point out to the Division Bench that the rectification application could not have been filed by the respondent before the IPAB to dispose of the rectification application on or before 16.10.2008. From this, the learned Single Judge has drawn the inference with the appellant accepted the maintainability of respondent's rectification application before the IPAB and in any case, the aforesaid order of the Division Bench amounted to imply permission for the purposes of Section 124 (1)(b)(ii) of the Act. That was a reason, this point was not urged by the IPAB or even before the learned Single Judge in the first instance. Another reason given by the learned Single judge is as under:

"7..... Viewed from another angle, the purpose of Section 124 is to ensure that there are no parallel proceedings concerning validity of a trademark registration before two different fora. In the present case, the IPAB decide the issue with no conflicting opinion on the point simultaneously arrived at by the High Court in the suit. Therefore, the purpose of Section 124 TM Act was not defeated. On the other hand, accepting the plea of UBPL at this stage would mean reverting to a stage anterior to the rectification proceedings and that would neither be expedient nor in the interests of justice."

Re: Maintainability of Rectification Petition without obtaining specific permission of the Madras High Court under Section 124(1)(b) of the Trademark Act:

14. Section 124 of the Act reads as under:

"124. Stay of proceedings where the validity of registration of the trade mark is questioned, etc.- (1)
Where in any suit for infringement of a trade mark-

(a) the defendant pleads that registration of the plaintiff's trade mark is invalid; or

(b) the defendant raises a defense under Clause (e) of Sub-section (2) of Section 30 and the plaintiff pleads the invalidity of registration of the defendant's trade mark, the court trying the suit (hereinafter referred to as the court), shall,--

(i) if any proceedings for rectification of the register in relation to the plaintiff's or defendant's trade mark are pending before the Registrar or the Appellate Board, stay the suit pending the final disposal of such proceedings;

(ii) if no such proceedings are pending and the court is satisfied that the plea regarding the invalidity of the registration of the plaintiff's or defendant's trade mark is prima facie tenable, raise an issue regarding the same and adjourn the case for a period of three months from the date of the framing of the issue in order to enable the party concerned to apply to the Appellate Board for rectification of the register.

(2) If the party concerned proves to the court that he has made any such application as is referred to in Clause (b) (ii) of Sub-section (1) within the time specified therein or within such extended time as the court may for sufficient cause allow, the trial of the suit shall stand stayed until the final disposal of the rectification proceedings.

(3) If no such application as aforesaid has been made within the time so specified or within such extended time as the court may allow, the issue as to the validity of the registration of the trade mark concerned shall be deemed to have been abandoned and the court shall proceed with the suit in regard to the other issues in the case.

(4) The final order made in any rectification proceedings referred to in Sub-section (1) or Sub-section (2) shall be binding upon the parties and the court shall dispose of the suit conformably to such order in so far as it relates to the issue as to the validity of the registration of the trade mark.

(5) The stay of a suit for the infringement of a trade mark under this section shall not preclude the court from making any interlocutory order (including any order granting an injunction directing account to be kept, appointing a receiver or attaching any property), during the period of the stay of the suit."

15. This provision deals with stay of proceedings in civil suit where validity of registration of trademark is questioned. However, proceedings for rectification in this behalf are pending before the Registrar or the IPAB, the Court trying the suit shall stay the suit pending final proceedings. If no such proceedings are pending and the Court is satisfied that plea regarding the invalidity of the registration of the plaintiffs or defendants trademark is *prima facie* tenable, the Court has to first to frame the issue and adjourn the case for a period of three months from the date of the framing of the issue in order to enable the party to apply to the Appellate Board for rectification of the register. Under sub-section (2) of Section 124 of the Act, stay of the suit can be extended until the final disposal of the rectification proceedings. Interpreting this provision, a learned Single Judge of this Court in the case of ***Astrazeneca UK Ltd. & Anr. Vs. Orchid Chemicals & Pharmaceuticals Ltd.***, 2006 (32) PTC 733 (Del.) held that application for rectification could not be filed without showing and obtaining prima facie satisfaction of the Court about their plea of the invalidity of the registration of the mark. The discussion in this behalf is in Paras 28 to 32. We may reproduce Paras 30 to 32 for out benefit. These paras are as under:

"30. Under Section 124(b) if the application for rectification is already pending the suit can be stayed pending final disposal of such proceedings. In case the application for rectification or any such proceeding is not pending, then a party seeking rectification can apply for

rectification subject to prima facie satisfaction of the Court regarding invalidity of the registration of the mark of the opposite party. In the present case the plaintiffs, however, have sought rectification of the trade mark of the defendant by filing an application first to the Registrar and thereafter to the Appellate Board without seeking prima facie satisfaction of this Court.

31. On plain reading of this provision, it is apparent that the plaintiffs could not file the application for rectification without showing and obtaining prima facie satisfaction of the Court about their plea of the invalidity of the registration of the mark of the Defendant. Section 124 of the Trade Marks Act, 1999 is similar to the Section 111 of the Trade and Merchandise Marks Act, 1958. Under the Trade and Merchandise Marks Act, 1958 AIR 1974 Delhi 12, Kedar Nath v. Monga Perfumery and Flour Mills, this Court had held that an application could not be filed subsequent to the institution of the suit under Section 111(1)(i) of the earlier Act. The Learned Single Judge had held as under:

19. The defendant cannot file an application subsequent to the institution of the suit under Section 111(1)(i) and claim that the plaintiff suit for infringement must be stayed. If not proceeding for rectification of the register is pending on the date of the institution of the suit by the plaintiff then Section 111(1)(ii) is attracted and the Court may adjourn the case for a period of three months in order to enable the defendant to apply to the High Court for rectification of the register. In that case the court must be satisfied that the contention as to validity of the defendant's registration is bona fide and prima facie sustainable. In the present case I am not satisfied that the contention as to validity and raised by the defendant is bona fide and prima facie sustainable. No material has been placed on the record to prove a prima facie case that the plaintiff's registration is invalid or that the defendant has been carrying on business since 1952 as alleged by him.' Reliance can also be placed on Patel Field marshal Agencies v. P.M. Diesels Ltd. 1999 IPLR 1425 where it was held that if the proceedings are not pending and the plea regarding invalidity of registration of the mark is raised, the Court trying the suit is to be prima facie satisfied about tenability of

the issue. The Division bench of the Gujarat High Court had held:

10. As we notice, under Section 107, it has been provided that on such plea being raised, the plea can be decided only in an appropriate rectification proceedings. In conformity with that provision, Section 111 envisages that if proceeding for rectification of the register in relation to plaintiff or defendant's trademark, as the case may be, are pending before the registrar or the High Court, further proceedings in the suit shall be stayed, until final disposal of rectification proceedings. If proceeding are not pending, and the plea regarding invalidity of registration of concerned mark is raised, the Court trying the suit is to be prima facie satisfied about tenability of the issue, and if it is so satisfied, it shall frame an issue to that effect and adjourn the case for three months, from the date of framing of the issue, in order to enable the party concerned to apply to the High Court for rectification of register. The consequences of the raising of issue are twofold. In case, the party concerned, makes an application for rectification within the time allowed, under sub Clause (ii) of sub Clause (b) of sub section (1), whether originally specified or extended later on, the civil Court trying the suit has to stay the further proceedings of the suit until disposal of the rectification proceeding. At the same time, if no such application is made within the time allowed, the party, has raised the plea of invalidity of the opponent's registered mark, is deemed to have abandoned the issue. This provision permitting raising of an issue only on prima facie satisfaction of the Court, with further requirement that the party, at whose instance an issue has been framed, is to apply for rectification before the High Court concerned, and failure to make such application within the time allowed results in deemed abandonment of plea, leads us to conclude that once a suit has been filed, the rectification proceedings at the instance of either party to the suit against the other, must take the course and envisaged under Section 111, that is to say, if proceedings for

rectification are already pending before raising the plea of an invalidity, that is to say, the attention of an appropriate forum having already been invited to that issue, those proceedings must first be continued, decision thereon to be obtained and then civil suit for infringement can proceed in the light of that decision. In case, no such proceedings for rectification are pending at the time of raising the plea of invalidity, the prosecution of such plea by the reason raising it depends on prima facie satisfaction of the Court, about the tenability of this plea. If the plea has been found to be prima facie tenable and an issue is raised to that effect then the matter is to be adjourned for three months at least to enable the person raising such plea to approach the High Court concerned, with a rectification application. In case, the rectification proceedings are not already pending, and the Court is not even prima facie satisfied about the tenability of the plea raised before it, the matter rests there.

32. The Learned counsel for the plaintiffs has tried to distinguish these cases. According to him on the date of filing of the present suit, no application seeking invalidity of the registration of the defendant's trade mark was pending as the trade mark of the defendant has been registered during the pendency of the suit and the certificate of registration was issued after filing of the suit and Therefore, the application for rectification could not be filed prior to the institution of the suit. The plea of the plaintiffs Therefore, is that their application for rectification filed before the Appellate Board is maintainable without prima facie satisfaction of the tenability of their plea by the Court. If the application for rectification of the defendant's trade mark is maintainable without prima facie satisfaction of this Court, then this suit is also liable to be stayed as claimed by the plaintiffs under Section 124(b) of the Act, though under Section of 124(5) of the Act, the application for injunction and for vacation or modification of an ex parte order can be considered and decided by this Court. The distinction between Section 124(b)(i) and 124(b)(ii) is on the basis of pendency of the proceedings for rectification of the register and not on the basis of whether the party initiating the proceedings for rectification could initiate such proceedings before the institution of the suit or not.

There can be other eventualities under which a party may not be able to initiate the proceedings for rectification before the institution of the suit, but that will not give them a right to circumvent the prima facie satisfaction of his plea for invalidity, by the Court. The distinguishing feature of the two sub clauses is only pendency of the proceedings and nothing more can be read into them. The plea of substantial compliance of the requirement of Section 124 by the plaintiffs is also not sustainable. Either there is compliance of the said provision or non compliance in the facts and circumstances. Compliance will be when after the institution of the suit, if an application for rectification is to be filed, prima facie invalidity of the opposing mark is to be demonstrated to the Court. The fact that the application could not be filed prior to the institution of the suit, will not entitle a party to circumvent the prima facie satisfaction of the Court. Consequently the proceedings for rectification of the defendant's mark could not be initiated by the plaintiffs without the prima facie satisfaction of their plea by this Court nor this case is liable to be adjourned or stayed for three months in terms of Section 124(b)(i) of the Act to await the outcome of the rectification proceedings initiated by the plaintiffs before the Appellate Board."

16. We may also record that the Gujarat High Court in the case of ***Patel Field Marshal Agencies Vs. P.M. Diesels Ltd.***, 1999 PTC (19) 718 has taken the same view. Even the aforesaid view has been upheld by the Division Bench of this Court and the judgment is reported as ***Astrazeneca UK Limited and Anr. Vs. Orchid Chemicals and Pharmaceuticals Ltd.*** 2007 (34) PTC 469.
17. Thus, insofar as this Court is concerned, it has taken the view that the permission under Section 124 (b) of the Act is mandatory and if the proceedings are filed without obtaining such a permission, those would not be maintainable.
18. The situation as hand, of course, is not that simple. The matter has been complicated because of the reason that the Division Bench of Madras High Court has taken contrary vie in the case of ***B. Mohamed Yousuff Vs. Prabha Singh***

Jaswant Singh, rep. by its Power of Attorney Mr. C. Raghu and Ors., MIPR 2007 (1) 107 holding that neither any such leave of the Court was required nor the Court is to frame issue and record *prima facie* satisfaction thereupon, before filing application for rectification. Raison d'être for holding this view is explained by the Division Bench of the Madras High Court in the following words:

"(N) In our considered view, Section 124(1)(b)(ii) of the Act is only an enabling provision. Sub clause (i) and Sub clause (ii) of Clause (b) of Sub-section (1) of Section 124 operates at two different levels for two different situations. While Sub clause (i) deals with a situation where any proceeding for rectification is already pending, Sub clause (ii) deals with a situation where any proceeding for rectification is not pending. Both the sub clauses focus their field of operation only in relation to the stay of the civil suit. The conditions laid down in Sub Clause (ii) are intended to enable a party to obtain stay of the suit and not intended to provide for a discretion for the Court to permit or not to permit any application for rectification. Such a position is made clear by Sub sections (2) to (5) of Section 124, which deals with the consequences of filing and not filing an application for rectification and of the ultimate outcome of such application for rectification. In other words, the requirements of "raising an issue", "adjourning the case" and a "prima facie satisfaction" spelt out in Section 124(1)(b)(ii) should be read as the requirements for the grant of a stay of the suit and not as a requirement or pre-condition for filing an application for rectification. The plain reading of Section 124(1)(b)(ii) shows that it does not mandate a party to obtain the "leave of the Court" or "an order of the Court", for filing an application for rectification. The right to file an application for rectification is a statutory right conferred upon a party who is aggrieved by an entry made in the Register. The said statutory right cannot be curtailed except by the very provisions of the statute. The said right is circumscribed by certain requirements such as the contravention of the provisions of the Act or failure to observe a condition entered on the Register etc., as spelt out under Sub sections (1) and (2) of Section 57 of the Act. In respect of the "Forum" in which such an application for rectification could be filed, there is a restriction under Section 125, in that such an application

could be filed only before the Appellate Board if a suit for infringement was already pending. Apart from these restrictions, we do not see any other restriction with regard to the filing of an application for rectification. To interpret Section 124(1)(b)(ii) to mean that an order should be obtained from the civil Court for filing an application for rectification, regarding prima facie satisfaction, would amount to imposing one more restriction upon the right of a person to seek rectification of the Register. We do not find any such restriction or requirement of the leave/permission of the court, under Section 124(1)(b)(ii). Therefore, with great respect to the learned Judges who were parties to the decisions of the Gujarat and Delhi High Courts, relied upon by the Delhi Party, we are of the considered view that the Tindivanam Party was right in filing an application for rectification, without obtaining the leave of this Court or without getting an issue framed and prima facie satisfaction recorded, in C.S. No. 726 of 2004."

19. In normal circumstances, the answer to be given was simple, viz., this Division Bench is bound by the view taken by the coordinate Bench of this Court and not the Madras High Court. However, the matter becomes complicated because of the reason that the respondent has filed a suit in the Madras High Court. Had the respondent approached the Madras High Court for framing of the issue, recording *prima facie* view and seeking permission, having regard its own judgment in the aforesaid case, the Court would have said that no such permission is required. On the other hand, the appellant argues that since circuit Bench of IPAB in Delhi dealt with the rectification application, due compliance of Section 124(b) was mandatory, as this Bench would be bound by the decision of this Court in ***Astrazeneca UK Ltd. And Anr (supra)***. Learned counsel for the appellant also referred to the reasoned judgment of IPAB with the Circuit Bench sitting in Delhi in the case of ***Kamadhenu Realtors Pvt. Ltd. Vs. Kamadhenu***

Ispat Limited & Anr., 2011 (46) PTC 93 (IPAB) where the IPAB followed the decision of this Court in ***Astrazeneca UK Ltd. And Anr (supra)***.

20. Taking into consideration the position mentioned in the preceding paragraph, even when we proceed on the basis that IPAB was bound to follow the Division Bench judgment of this Court, the effect of that would have been to insist the respondent to seek compliance of Section 124(b) of the Act by filing application in the Madras High Court. We have to keep in mind that the suit is pending in Madras High Court and it is only the Madras High Court which would have considered such an application. However, even if such an application has been made by the respondent, the Madras High Court would have held that no such permission is required. Thus, approaching the Madras High for this reason, before filing the rectification application before IPAB would have been an empty formality. IPAB could not have, therefore, rejected the application on the aforesaid ground as the party cannot be directed to resort to the proceedings which may turn out to be infructuous. Had the case been before some other High Court, position would have been different. In the facts of this case, therefore, we hold that the application could not be dismissed as non-maintainable in the absence of specific permission of the Madras High Court under Section 124(1)(b) of the Trademark Act. This is more so when the plea of prior permission of the High Court of Madras was not even pressed when the writ petition was finally heard.

Re: The Claim of the respondent No.1 in the word "ORZID" (per se)

21. It was submitted by the learned counsel for the appellant that the respondent No.1's assertion of claiming statutory rights in the word "ORZID" (per se) is contrary to the express mandate of Section 17 of the Trademark Act. Argument proceeded on the basis that the registration of respondent No.1 is in respect of trademark ORZID (label mark) and it is only a label which is protected. Section 17 of the Trademark Act reads as under:

- "17. Effect of registration of parts of a mark:
- (1) When a trade mark consists of several matters, its registration shall confer on the proprietor exclusive right to the use of the trade mark taken as a whole.
 - (2) Notwithstanding anything contained in sub- section (1), when a trade mark-
 - (a) contains any part-
 - (i) which is not the subject of a separate application by the proprietor for registration as a trade mark; or
 - (ii) which is not separately registered by the proprietor as a trade mark; or
 - (b) contains any matter which is common to the trade or is otherwise of a non- distinctive character, the registration thereof shall not confer any exclusive right in the matter forming only a part of the whole of the trade mark so registered."

22. The argument was that as per sub-Section (1) of Section 17 of the Act, the exclusive right of the registered proprietor is to use the trademark "taken as a whole" and not "in part" which the respondent was trying to claim. It was argued that from the reading of the latter part of sub-Section(2) of the aforesaid provision. It was made abundantly clear that the registration would not confer any right in the matter forming only art of the whole of the trade mark was registered and the IPAB had ignored the words "not" and "in" occurring in this petition thereby committing a grave error. Relying upon the judgment

in the case of **Aravind Laboratories Vs. Modicare** (decided on 05.07.2011), which is a Single Bench judgment of the Madras High Court. It was argued that the objects & reasons behind insertion of Section of the Trade Mark Act, 1999 were to omit the provision relating to requirement of disclaimer under Section 17 of the Trade and Merchandise Marks Act, 1958 and to explicitly state the general proposition that the registration of a trade mark confers exclusive right to the use of the trade mark taken as a whole and not separately to each of its constituent part. To buttress this submission, reference was made to Section 15 of the Act which permits a proprietor of a trade mark to apply for parts of a trade mark, if he claims to be entitled to the exclusive use of any part thereof separately. It was argued that since this was not done by the respondent in the instant case, it was permissible for the respondent to claim statutory right in the word "ORZID" (per se). Many other judgments in the same proposition were relied upon, which are as follows:

- (a) **Three-N Products Pvt. Ltd. Vs. Emami Ltd.**, 2009 (41) PTC 689 (Cal.)
- (b) **P.P. Jewellers Pvt. Ltd. Vs. P.P. Buildwell Pvt. Ltd.**, 2009 (41) PTC 217 (Del.)
- (c) **Bhole Baba Milk Food Industries Ltd. Vs. Parul Food Specialities Pvt. Ltd.**, 2011 (48) PTC 235 (DB) (Del.)
- (d) **Registrar of Trade Marks Vs. Ashok Chandra Rakhit**, AIR 1955 SC 558.

23. The learned counsel also argued that at Paragraph 27 of the impugned judgments, the learned Single Judge has wrongly

relied upon the case of **Ramdev Food Products Ltd. (supra)**. However, the learned Single Judge has grossly erred in ignoring an important fact that the **Ramdev Food Products Ltd. (supra)** was decided under the Trade and Merchandise Marks Act, 1958 which did not have a provision analogous to Section 17 of the Trade Mark Act, 1999. The distinction between the **Ramdev Food Products Ltd. (supra)** and cases under Section 17 of the Act has been elaborately dealt with in **Aravind Laboratories (supra)** from Para 25 to 28 of the said judgment. Observations in Para 27 of the impugned judgment is contrary to law. Para 27 of the impugned judgment discusses the argument that the label mark of respondent No.1 does not confer rights over the word "ORZID" to respondent No.1. However, while dealing with this argument, the learned Single Judge wrongly relied upon **Ramdev Food Products Ltd. (supra)**. The learned Single Judge also wrongly relied upon the case of **Registrar of Trade Marks Vs. Ashok Chandra Rakhit**, AIR 1955 SC 558. The learned Single Judge failed to read paras 16 & 17 of **Ashok Rakhit (supra)**, where it was held as under:

"16. It is true that where a distinctive label is registered as a whole, such registration cannot possibly give any exclusive statutory right to the proprietor of the trade mark to the use of any particular word or name contained therein apart from the mark as a whole. As said by Lord Esher in **Pinto v. Badman** (8 R.P.C. 181):

"The truth is that the label does not consist of each particular part of it, but consists of the combination of them all".

Observations to the same effect will be found also in *In re Appollinaris Company's Trade Marks* L.R. [1891] 2 Ch. 186, *In re Smokeless Powder Co. (supra)*, *In re Clement and Cie* L.R. [1900] 1 Ch. 114 and *In re Albert Baker &*

Company (supra) and finally in the Tudor case referred to above which was decided by Sargant, J. This circumstance, however, does not necessarily mean that in such a case disclaimer will always be unnecessary. It is significant that one of the facts which give rise to the jurisdiction of the tribunal to impose disclaimer is that the trade mark contains parts which are not separately registered. It is, therefore, clear that the section itself contemplates that there may be a disclaimer in respect of parts contained in a trade mark registered as a whole although the registration of the mark as a whole does not confer any statutory right with respect to that part."

24. The learned counsel concluded his submission on this aspect by submitting that the case of ***P.P. Jewellers (supra)*** decided by the same Judge who has rendered the impugned judgment, protection in the parts of the trade mark, when only the whole had been registered, was disallowed in Para 14 of THAT judgment which reads as under:

"14. In the instant case, PPJPL and LR Builders claim that PP is a „house mark“ and has been used since 1980 for jewellery and in relation to real estate since 1998. This is what needs to be examined first. PPJPL applied for CS (OS) Nos. 19/05 & 604/2008 Page 9 of 20 and obtained registrations for the marks PP Jewellers and PPJ in Class 14. Those are the marks under which it conducts its jewellery business. PPJPL never used PP alone. Even for the real estate business the brochures of the commercial complexes of the Plaintiffs depict the usage of the mark `PP` Towers and the logo PPT. Section 17 (1) of the TM Act states that "when a trade mark consists of several matters, its registration shall confer on the proprietor exclusive right to use of the trade mark taken as a whole." This in effect incorporates the law explained by the Supreme Court in Registrar of Trade Mark v. Ashok Chandra Rakhit Limited AIR 1955 SC 558 where the following observations of Lord Esher in Pinto v. Badman 8 RPC 181 were quoted with approval: "The truth is that the label does not consist of each particular part of it, but consists of a combination of them all."

25. The entire arguments are on the wrong premise and it proceeds on the basis of common feature of the two marks suffix "ZID" and since the respondent has registration and

trade mark "ORZID", it cannot bare a part of it, i.e., "ZID". What has been seen in a case like this is as to whether the mark "FORZID" is deceptively similar to "ORZID". That is the test which is to be applied and in a process, it is to be seen as to whether the two marks are structurally and phonetically similar and would cause deception in the minds of consumers. When we judge the matter from this angle, we find ourselves in agreement with the view taken by IPAB as well as the learned Single Judge. Although the mark "ORZID" is a label mark, the word mark "ORZID" is an essential feature which has been covered by the registration. Therefore, the learned counsel for the respondent appears to be right in his submission on this aspect, which is predicated on the Supreme Court decision in ***Ramdev Food Products Ltd. (supra)***. Following dicta on the said decision is pertinent:

"82. In Ashok Chandra Rakhit Ltd. (supra), whereupon reliance has been placed by Mr. Nariman, this Court was concerned with a proprietary mark of 'Shree'. It was claimed that the mark 'Shree' was a trade mark apart from the device as a whole and it was an important feature of its device. The respondents were carrying on business in the name and style of Shree Durga Charan Rakshit. It was in the peculiar factual background obtaining therein, this Court, referred to the decision of Lord Esher in Pinto v. Badman [8 RPC 181] to say that where a distinctive label is registered as a whole such registration cannot possibly give any exclusive statutory right to the proprietor of the trade mark to the use of any particular word or name contained therein apart from the mark as a whole. This Court in the aforementioned factual backdrop opined:

"This, as we have already stated, is not quite correct, for apart from the practice the Registrar did advert to the other important consideration, namely, that on the evidence before him and the statement of counsel it was quite clear that the reason for resisting

the disclaimer in this particular case was that the Company thought, erroneously no doubt but quite seriously, that the registration of the trade mark as a whole would, in the circumstances of this case, give it a right to the exclusive use of the word "Shree" as if separately and by itself it was also its registered trade mark and that it would be easier for it to be successful in an infringement action than in a passing off action. It was precisely the possibility of such an extravagant and untenable claim that called for a disclaimer for the purpose of defining the rights of the respondent company under the registration."

(Emphasis supplied)

83. The said decision has no application to the fact of this case.

84. Mr. Nariman is also not correct in contending that only a label has been registered and not the name 'Ramdev'. Definition of 'mark' as contained in Section 2(j) of the 1958 Act also includes name, signature, etc."

26. We find that the learned Single Judge rightly held that when a label mark is registered, it cannot be said that the word mark contained therein is not registered. We, thus, are of the opinion that although the word "ORZID" is a label mark, the word "ORZID" contained therein is also worthy of protection. The learned Single Judge has rightly observed that the judgment of the Supreme Court in **Ramdev Food Products Ltd. (supra)** is the complete answer. This aspect is considered and the argument of the appellant is rejected in the following words:

"27. On whether the OCPL could successfully ask for rectification for UBPL's word mark FORZID notwithstanding that OCPL held registration only for a label mark, the judgment of the Supreme Court in Ramdev Food Products Ltd. v. Arvindbhai Rambhai Patel AIR 2006 SC 3304 is a complete answer. The Court there

referred to an earlier decision in Registrar of Trade Marks v. Ashok Chandra Rakhit AIR 1955 SC 558, which concerned the proprietary mark 'Shree' which formed part of the device as a whole and was an important feature of the device. The Supreme Court observed that registration of a trade mark as a whole would give the proprietor "a right to the exclusive use of word „Shree“ as if separately and by itself." Therefore it would not be correct for UBPL to contend that the registration held by OCPL does not cover the word mark ORZID."

27. We are in agreement with the aforesaid approach. Having regard to the aforesaid discussion, the case laws cited by the appellant will have no applicability to the facts of this case.

Re: Deceptive Similarity Between the Two Competing Marks:

28. Numerous judgments were cited by the learned counsel for the appellant to contend that there was no deceptive similarity between the trade mark "ORZID" and trade mark "FORZID" which are as follows:

- (i) ***USV Limited Vs. Systopic Laboratories***, 2004 (1) CLT 418, judgment rendered by the Madras High Court where the marks PIO and PIOZ were held to be not deceptively similar.
- (ii) ***Cadila Laboratories Ltd. Vs. Dabur India Ltd.***, 1997 PTC (17) 417, where the marks ZEXATE and MEXATE were held to be not deceptively similar.
- (iii) ***Unichem Laboratories Ltd. Ipca Laboratories Ltd.***, 2011 (45) PTC 488 (Bom.) where the marks LORAM and SELORAM were held to be not deceptively similar.
- (iv) ***Reckitt d Colman of India Ltd. Vs. Medicross Pharmaceuticals Pvt. Ltd.***, 1992 (3) BomCr 408

where the marks DISPRIN and MEDISPRIN were held to be not deceptively similar.

- (v) ***Astrazeneca UK Ltd. Vs. Orchid Chemicals & Pharmaceuticals Ltd.***, 2006 (32) PTC 733 (Del.) where the marks MEROMER and MERONEM were held to be not deceptively similar. Affirmed in ***Astrazeneca UK Ltd. Vs. Orchid Chemicals & Pharmaceuticals Ltd.***, 2007 (34) PTC 469 (DB) (Del.).
- (vi) ***Aviat Chemicals Pvt. Ltd. Vs. Intas Pharmaceuticals Ltd.***, 2001 PTC 601 (Del.) where the marks LIPICARD and LIPICOR were held to be not deceptively similar.
- (vii) ***Indo-Pharma Pharmaceuticals Works Ltd. Vs. Citadel Fine Pharmaceuticals Ltd.***, 1998 (18) PTC 775 (DB) (Mad.) where the marks ENERJEX and ENERJASE were held to be not deceptively similar.
- (viii) ***Kalindi Medicure Pvt. Ltd. Vs. Intas Pharmaceuticals Ltd.***, 2006 (33) PTC 477 (Del.) where the marks LOPRIN and LOPARIN were held to be not deceptively similar.
- (ix) ***Ranbaxy Laboratories Ltd. Vs. Intas Pharmaceuticals Ltd.***, 2011 (47) PTC 433 (Del.) where the marks NIFTAS and NIFTRAN were held to be not deceptively similar.
- (x) ***Schering Corporation Vs. United Biotech Pvt. Ltd.***, decided on July 14, 2006, where the marks NETROMYCIN and NETMICIN were held to be not deceptively similar, which was affirmed in

Schering Corporation Vs. United Biotech Pvt. Ltd. (DB) decided on October 08, 2010.

29. The learned counsel for the respondent argued to the contrary by submitting that but for the soft consonant "F" there is no difference between the rival marks. The marks ORZID and FORZID are structurally and phonetically similar. The marks are nearly identical to each other. It is misconception that the marks are not identical merely because the suffix ZID is taken from CEFTAZIDIME. Learned counsel highlighted that the appellant had taken the trademark of the Respondent No.1 and made a cosmetic change which would not be discernible by the public. He also submitted that it was a *mala fide* adoption of the mark with a view to encash upon the goodwill and reputation of the respondent No.1, which was clear from the fact that the appellant obtained manufacturing license for the use of trade mark FORZID in march, 2002 and filed an application for registration of the mark on 18.10.2002 under No.1144258 in Class-5. The mark was conceived and adopted by the appellant three years after the adoption and use of the nearly identical mark by the respondent No.1. It was, thus, a *mala fide* and tainted adoption.
30. The law on this aspect, where the Courts are called upon to consider the deceptive similarity between the two marks is firmly engraved in a series of judgments pronounced by the Courts in the last half century or more. Many are cited by the learned counsel for the appellant, note whereof is taken above. Judgment of Supreme Court in the case of **Cadila Health Care Limited (supra)**, which deals with pharmaceutical

preparations, is a milestone on law relating to drugs. Application of the principles laid down in this judgment can be found in scores of subsequent judgments of this Court and other High Courts. The position which emerges from the reading of all these judgments can be summarized in the following manner:

In such case, the central issue is as to whether the defendant's activities or proposed activities amount to a misrepresentation which is likely to injure the business or goodwill of the plaintiff and cause damage to his business or goodwill. To extend this use to answer this, focus has to be on the aspect as to whether the defendant is making some representation in course of trade to prospective customers which is calculated to injure the business or goodwill of the plaintiff thereby causing damage to him. In the process, difference between the confusion and deception is to be understood. This difference was explained by Lord Denning in "Difference: Confusion & Deception" in the following words:

"Looking to the natural meaning of the words, I would make two observations: first, the offending mark must 'so nearly resemble' the registered mark as to be 'likely' to deceive or cause confusion. It is not necessary that it should be intended to deceive or intended to cause confusion. **You do not have to look into the mind of the user to see what he intended. It is its probable effect on ordinary people which you have to consider.** No doubt if you find that he did intend to deceive or cause confusion, you will give him credit for success in his intentions. You will not hesitate to hold that his use of it is likely to deceive or cause confusion. But if he had no such intention, and was completely honest, then you will look carefully to see whether it is likely to deceive or cause confusion before you find him guilty of infringement.

Secondly, 'to deceive' is one thing. To 'cause confusion' is another. The difference is this: when you deceive a man, you tell him a lie. You make a false representation to him

& thereby cause him to believe a thing to be true which is false. You may not do it knowingly, or intentionally, but you still do it, & so you deceive him. But you may cause confusion without telling him a lie at all, & without making any false representation to him. You may indeed tell him the truth, the whole truth & nothing but the truth, but still you may cause confusion in his mind, not by any fault of yours, but because he has not the knowledge or ability to distinguish it from the other pieces of truth known to him or because he may not even take the trouble to do so."

31. While examining the question of misrepresentation or deception, comparison has to be made between the two trademarks as a whole. Rules of Comparison was explained by Justice Parker in the following words:

"You must take the two words. You must judge of them, both by their look & by their sound. You must consider the goods to which they are to be applied. You must consider the nature & kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trademark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be confusion- that is to say, not necessarily that one man will be injured & the other will gain illicit benefit, but that there will be confusion in the mind of the public which will lead to confusion in the goods- then you may refuse the registration, or rather you must refuse the registration in that case."

32. Following Rules of Comparison can be culled out from various pronouncements of the Courts from time to time.

- I. Meticulous Comparison not the correct way.
- II. Mark must be compared as a whole.
- III. First Impression.
- IV. Prima Facie view not conclusive.
- V. Structural Resemblance.
- VI. Similarity in Idea to be considered.

33. In this process, first, plaintiff is required to prove the following:
- (i) The business consists of, or includes selling a class of goods to which the particular trade name applies;
 - (ii) That the class of goods is clearly defined & is distinguished in the public mind from other goods;
 - (iii) Because of the reputation of the goods, there is goodwill in the name;
 - (iv) The Plaintiff is a member of the class selling the goods is the owner of goodwill which is of substantial value;
 - (v) He has suffered or is likely to suffer damage.
34. While comparing the few marks in order to see as to whether there is likelihood of confusion or not, following words of wisdom of the Supreme Court in ***Laxmikant V. Patel Vs. Chetanbhai Shah and Another***, (2002) 3 SCC 65 also need to be kept in mind:

"10. A person may sell his goods or deliver his services such as in case of a profession under a trading name or style. With the lapse of time such business or services associated with a person acquire a reputation or goodwill which becomes a property which is protected by courts. A competitor initiating sale of goods or services in the same name or by imitating that name results in injury to the business of one who has the property in that name. The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else it results in confusion and has propensity of diverting the

customers and clients of someone else to himself and thereby resulting in injury.”

35. We would like to quote from the following passage from the book “The Modern Law of Trade Marks” authored by Christopher Morcom, Butterworths 1999, which finds approval by the Supreme Court in ***Ramdev Food Products Ltd. (supra)***:

“The concept of distinguishing goods or services of the proprietor from those of others was to be found in the requirements for a mark to be registrable. Essentially, whatever the wording used, a trade mark or a service mark was an indication which enabled the goods or services from a particular source to be identified and thus distinguished from goods or services from other sources. In adopting a definition of 'trade mark' which simply describes the function in terms of capability of 'distinguishing the goods or services of one undertaking from those of other undertakings' the new law is really saying precisely the same thing.”

36. We are of the view that in the present case, IPAB as well as the learned Single Judge has applied correct test in arriving at the conclusion that the two marks are deceptively similar and are likely to cause confusion in the mind of an average customer with imperfect recollection. The manner of comparison done by the IPAB can be found in Para 16 which we have already extracted above. The learned Single Judge contains detailed discussion on this aspect. With reference to Section 9(2)(a) of the Act, it is pointed out that the mark if it is of such nature as to deceive the public or cause confusion. It clearly follows that if a mark is deceptively similar to an earlier mark, it is not to be registered. As a fortiori, if it is registered, such a registration can be cancelled. Section 11 (1)(b) of the Act also provides that a trademark shall not be registered if because of its similarity to an earlier mark and the identity or similarity of

the goods or services covered by the trade mark, there exists a likelihood of confusion on the part of the public, which included the likelihood of association with the earlier trade mark. It is only honest concurrent use or other special circumstances shown by the applicant that which may provide exception to the aforesaid Rule as for the provisions of Section 12 of the Act permits the Registrar to register such a mark. After taking note of these provisions, the learned Single Judge observed as under:

"20. The word ZID which is common to both ORZID and FORZID is undoubtedly derived from the active pharmaceutical ingredient CEFTAZIDIME. However, this is not the only part of ORZID which is used by UBPL as part of its mark FORZID. It is obvious that FORZID is nothing but ORZID prefixed by a soft consonant F. Although it was repeatedly urged by Mr. Hemant Singh, learned counsel for UBPL that the generic part of FORZID and ORZID, viz., ZID had to be ignored while making comparison of the two competing marks, the fact remains that the entire word mark ORZID is being used as part of the word mark FORZID with only an addition of a single letter "F". In the considered view of this Court, the mere prefixing of the letter F to the mark of OCPL fails to distinguish FORZID sufficiently from ORZID so as not to cause deception or confusion in the mind of an average customer with imperfect recall. The addition as a prefix of the soft consonant F to ORZID does not dilute the phonetic and structural similarity of the two marks. In the context of similar marks the "essential feature" test as evolved in *Durga Dutt Sharma v. N.P. Laboratories* AIR 1965 SC 980 for determining deceptive similarity requires examination "whether the essential features of the plaintiff's trade mark are to be found in that used by the defendant." In the instant case the entire word mark ORZID, and not merely its essential feature, is subsumed in UBPL's mark "FORZID."

37. The perusal of the judgment of the learned Single Judge would further demonstrate that 'Anti-dissection Rule' is discussed and applied holding that such a dissection is generally not permissible and can be applied only in exceptional cases. After

taking note of the law on subject, the dissection of marks as suggested by the appellant is termed as 'artificial one'. We would do nothing but to extract the said discussion from the impugned order as we are in agreement with the same:

"23. No fault can also be found with the approach of the IPAB in comparing the two competing marks as a whole. That is in fact the rule and the dissection of a mark is an exception which is generally not permitted. The anti-dissection rule is based upon a common sense observation of customer behaviour as explained in McCarthy on Trade Marks and Unfair Competition [J Thomas McCarthy, IV Ed., Clark Boardman Callaghan 2007] under the sub-heading "Comparing Marks: Differences and Similarities". The treatise further states:

"23.15 The typical shopper does not retain all of the individual details of a composite mark in his or her mind, but retains only an overall, general impression created by the composite as a whole. It is the overall impression created by the mark from the ordinary shopper's cursory observation in the marketplace that will or will not lead to a likelihood of confusion, not the impression created from a meticulous comparison as expressed in carefully weighed analysis in legal briefs."

"In litigation over the alleged similarity of marks, the owner will emphasize the similarities and the alleged infringer will emphasize the differences. The point is that the two marks should not be examined with a microscope to find the differences, for this is not the way the average purchaser views the marks. To the average buyer, the points of similarity are the more important than minor points of difference. A court should not engage "technical gymnastics" in an attempt to find some minor differences between conflicting marks. However, where there are both similarities and differences in the marks, there must be weighed against one another to see which predominate."

24. The dissection of the marks as suggested by learned counsel for UBPL is an artificial one. He wanted „ZID“ which was the generic part of the marks to be substituted

by some other word like 'TIS' or 'BES' and then the two marks to be compared. This submission is based on the decision in Astrazeneca UK Limited where 'Mero' was identified as the generic part of the mark derived from the active pharmaceutical ingredient. In the first place, no such submission appears to have been made before the IPAB. Secondly, the type of dissection suggested, i.e. separating 'FOR' and 'ZID' and then replacing 'ZID' with 'another word 'TIS' before comparing the marks does not appear to be permissible in law. As already noticed it is not just the generic part 'ZID' that is common to both marks. The further prefix 'OR' too is common. In other words, 'ORZID' is common to both marks. No parallel can therefore be drawn with the facts in Astrazeneca UK Limited. A person of average intelligence and imperfect recollection seeking to buy CEFTAZIDIME injection would hardly undertake any 'dissection' exercise, much less in the manner suggested by learned counsel for UBPL, to discern the fine distinction between the marks. Also, unlike a consumer durable product, the variations in the size of font, colour scheme, trade dress of the label for a medicine would not make much of a difference. In the considered view of the Court, the IPAB has applied the correct test in coming to the conclusion that FORZID is deceptively similar to ORZID."

38. The learned Single Judge also takes note of "Cadila Health Care Test", elaborately and based on that judgment, deceptive similarity which arises in the instant case is pointed out as follows:

"26. Viewed in light of the decision in Cadila Health Care Ltd. admittedly both FORZID and ORZID are prescription drugs. The dosages of FORZID and ORZID are not the same. It would pose a grave risk to health if a person who has been prescribed a dosage of 250 mg CEFTAZIDIME injection (ORZID) is administered a 1000 mg dosage (FORZID). These are injections administered intravenously and can have a direct and immediate impact. In the circumstances, the mere fact that they are priced differently is not sufficient to hold that the unwary average purchaser of the drugs will not be confused into thinking one is as good as the other or in fact both are the same drug. Then there is the other real danger that a prescription written for ORZID may be mistaken by the dispenser at the pharmacy shop to be FORZID or vice versa. If it is asked for verbally the phonetic similarity is

likely to cause confusion. The health of a person for whom the medicine is prescribed cannot possibly be put to such great risk. In the considered view of this Court on the question of deceptive similarity, the reasoning and conclusion of the IPAB does not call for interference.”

39. These are the findings of fact arrived at by the IPAB and the learned Single Judge.
40. The appellant could not successfully pierce through the approach of the two authorities below, which had taken into consideration of the judgments and the test laid down therein and application of the said test in the facts of the present case. In the present LPA, we do not find any cause to take a different view or interfere with these findings of the fact.
41. The orders of the learned Single Judge and the Division bench of the Madras High Court were relied upon by the learned counsel for the appellant to contend that it was already held that there was no deceptive similarity between the appellant’s trademark and that of the respondent No.1. This argument is rightly brushed aside by the learned Single Judge holding that those orders were passed in application for interim injunction. While passing such orders, the Court only takes *prima facie* view of the matter. IPAB, on the other hand, determined the issue finally on the basis of evidence produced before it and in this final determination it was not bound by the tentative observations which deciding the application for interim injunction under Order XXXIX Rule 1 and 2 of the Code of Civil Procedure. The learned Single Judge has also remarked that the two findings of the learned Single Judge of the Madras High Court, viz., two competing marks were phonetically similar and that the respondent No.1 was a prior registered user, were affirmed by the Division Bench of the Madras High Court.

Moreover, the defence of the appellant herein before the learned Single Judge in the Madras High Court put forth by the appellant herein and the proceedings before the High Court was not accepted. The only factor which weighed, while taking *prima facie* view and refusing interim injunction was that the dosage of the two drugs and their respective prices were different. We would like to quote from the following judgment in the case of ***Baker Hughes Limited Vs. Hiroo Khushalani***, [1998 PTC (18) 580] where the facet of likelihood of confusion even by the enlightened public was noticed in the following words:

"Again in *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf, a Corporation Vs. Steinway & Sons, a corporation*, 365 F.Supp. 707 (1973), striking a similar note the Court held as under:

"Plaintiff argues that purchaser will not be confused because of the degree of their sophistication and the price (*B & L Sales Associates Vs. H. Daroff & Sons, Inc.*, supra, 421 F.2d at 354). It is true that deliberate buyers of expensive pianos are not as vulnerable to confusion as to products as hasty buyers of inexpensive merchandise at a newsstand or drug store [*Callmann, Unfair Competition Trademarks and Monopolies*, (3d ed. 1971)]. The sophistication of buyers, however, does not always assure the absence of confusion [*Communications Satellite Corp. Vs. Comcet, Inc.*, 429 F.2d at 1252]. It is the subliminal confusion apparent in the record as to the relationship, past and present, between the corporate entities and the products that can transcend the competence of even the most sophisticated consumer. Misled into an initial interest, a potential Steinway buyer may satisfy himself that the less expensive Grotrian-Steinweg is at least as good, if not better, than a Steinway. Deception and confusion thus work to appropriate defendant's good will. This confusion, or mistaken beliefs as to the

companies' interrelationships, can destroy the value of the trademark which is intended to point to only one company [American Drill Busing Co. v. Rockwell Mfg. Co., 342 F.2d 1922, 52 CCPA 1173 (1965)]. Thus, the mere fact that purchasers may be sophisticated or discriminating is not sufficient to preclude the likelihood of confusion. "Being skilled in their own art does not necessarily preclude their mistaking one trademark for another when the marks are as similar as those here in issue, and cover merchandise in the same general field" [Id].

Having regard to the above discussion prima facie I am of the opinion that the word Baker occurring in the corporate name of the second defendant suggests its connection or nexus with 'Baker', which depicts a wrong picture as from February, 1995 'Baker' has terminated its relation with the defendants. The continuance of the word Baker as part of the corporate name of the second defendant is likely to cause deception and confusion in the mind of the customers. There would be no justification for the second defendant to use the word Baker as part of its corporate name after the ties between the first plaintiff and the second defendant have ceased to exist."

This decision was approved by the Supreme Court in the case of ***Hiroo Khushlani and Another (Supra)***.

42. We are, thus, of the opinion that the impugned judgment of the learned Single Judge does not call for any interference, as none of the arguments of the appellant is convincing enough to shake the correctness thereof. As a result, we dismiss this appeal being devoid of any merit with cost quantified at ₹25,000/-.

ACTING CHIEF JUSTICE

**(RAJIV SAHAI ENDLAW)
JUDGE**

MAY 18, 2012/_{pmc}