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IN THE HIGH COURT OF DELHI AT NEW DELHI

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CS(OS) 1940/2010

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Judgment dated 28.02.2012

M/S KEE PHARMA LIMITED

..... Plaintiff

Through: Mr.Shashi P. Ojha, Advocate

versus

M/S BIG M HEALTHCARE & ANR

..... Defendant

Through:

CORAM:

HON'BLE MR. JUSTICE G.S.SISTANI

G.S.SISTANI, J (ORAL)

1. Plaintiff has filed present suit for permanent injunction, restraining infringement of trademark, rendition of accounts of profits/ damages delivery up acts of unfair competition etc. Summons were issued in the suit. While issuing notice in the application 12685/2010 defendants their assigns in business, distributors and dealers were restrained from manufacturing, selling, advertising, directly or indirectly pharmaceutical products under the impugned trade mark 'DISER' or any other mark, which is deceptively similar to the plaintiff's trade mark. As despite service none appeared on behalf of the defendants, nor any written statement was filed, the defendants were proceeded ex parte by order dated 05.01.2012. Plaintiff has filed affidavit by way of evidence of PW-1, Sh.Sunil Seth, which has been exhibited as Ex.PW-1/A. PW-1 has deposed that the plaint was instituted by Ms. Uma Sachdev, the Board Resolution dated 06.08.2010 passed by plaintiff company in her favour is

already on record on page No. 112 of List of Document dated 16.09.2010 and the same is exhibited as Ex. PW 1/1. PW-1 has deposed that the Memorandum of Association and Articles of Association of the Plaintiff Company is already on record on page No. 74-11 of List of Document dated 16.09.2010 and the same are exhibited as Ex PW 1/2. It has also been deposed that the plaintiff is carrying on business of trading of pharmaceuticals and medicinal preparations for past several decades and one of the medicinal preparations marketed by the plaintiff is an anti inflammatory analgesic drug, which is a combination of Serratiopeptidase & Diclofenac Potassium, under the trade mark DISER, which takes care of pain & inflammation. PW-1 deposed that the circular dated 05.06.2000 issued by the plaintiff to its distributor that the plaintiff has launched its medicine under the mark DISER is already on record on page No. 17 of List of Document dated 16.09.2010 and the same is exhibited as Ex.PW 1/3. It is also deposed that handout of the plaintiff product under the trade mark DISER is already on record on page No. 72-73 of List of Document dated 16.09.2010 and the same is exhibited as Ex.PW 1/4. The ISO certificate given the plaintiff company is already on record on page No. 18 of List of Document dated 16.09.2010 and the same is exhibited as Ex. PW 1/5.

2. This witness has next deposed that the plaintiff's said trade mark DISER is a coined and invented mark thereby enjoying highest degree of inherent distinctiveness. It is also deposed that the trade mark DISER has been extensively and commercially used by the plaintiff in the course of trade of medicinal preparations since June 2000. Plaintiff's medicine strip-DISER is already on record on page No. 117 of List of Document dated 16.09.2010 and the same is exhibited as Ex.PW 1/6. The said trade-mark has thus become distinctive of the source and trade origin of drugs and

medicinal preparations manufactured and marketed by the plaintiff exclusively. PW-1 has deposed that the Drugs Licence dated 28.03.2000 in favour of plaintiff's earlier manufacturer Lincoln Pharmaceuticals Ltd. is already on record on page No. 19-24 of List of Document dated 16.09.2010 and the same is exhibited as Ex. PW 1/7.

3. PW-1 has also deposed that the trade mark DISER is registered in India in the name of the plaintiff. The details of such registrations are as under:

TRADE MARK	CLASS	REGISTRATION NO.	Goods	Valid till
DISER	5	919094 dated 19.04.2000	Medicinal and Pharmaceutical Preparations	19.04.2017

4. PW-1 has deposed that the plaintiff has a statutory right to the exclusive use of the registered trade-mark DISER and the use of the same or a deceptively similar trade mark by an unauthorised person or trader will constitute infringement of the plaintiff's right of the exclusive use under the provisions of The Trade Marks Act, 1999. It is deposed that the above said trade mark of the plaintiff is registered, valid and subsisting and the certificate for use in legal proceedings of the plaintiff's mark DISER under No.919094 alongwith its renewal certificate is already on record on page No. 12-16 of List of Document dated 16.09.2010 and the same is exhibited as Ex- PW 1/8.
5. It has also been deposed by PW-1 that the plaintiff has incurred substantial expense by way of sales promotion and sample campaigns pertaining to its trade mark DISER from time to time. The annual promotional expenses incurred by the plaintiff in India over last ten years pertaining to DISER are reproduced below:

PROMOTIONAL EXPENSES

YEAR ENDING	AMOUNT (Rs in Lakhs.)
2000-01	11.18
2001-02	19.91
2002-03	18.43
2003-04	21.94
2004-05	20.17
2005-06	18.05
2006-07	17.50
2007-08	15.86
2008-09	17.50
2009-10	16.70

6. It is next deposed that the medicinal preparations marketed under the trade mark DISER of the plaintiff have acquired substantial goodwill and reputation which is evident from the rising sale figures pertaining to the said trade mark, which is reproduce below:

SALES OF DISER

<u>YEAR</u>	<u>Quantity of sales</u> (Boxes containing 10x10 tablets each)	<u>SALES FIGURES</u> (Rs. in Lakhs)
2000-01	27,627	78.74
2001-02	37,110	111.46
2002-03	36,191	107.88
2003-04	37,555	115.57
2004-05	35,901	110.60
2005-06	47,247	159.44
2006-07	42,553	145.84
2007-08	42,555	153.20
2008-09	35,741	128.67
2009-10	42,075	151.47

2010-11	42906	166.34
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7. PW-1 has also deposed that the sales invoices of the plaintiff for the period 2000-2010 are already on record on page No. 25-71 of List of Document dated 16.09.2010 and the same are collectively exhibited as Ex. PW 1/9.
8. This witness has also stated that on account of inherent distinctiveness enjoyed by the trade mark DISER, its extensive and continuous commercial use, leading to substantial sales of drugs marketed thereunder, the said trade mark has become a valuable intellectual property of the Plaintiff. PW-1 has deposed that the trade-mark DISER has become distinctive of, and, is associated with the goods and business of the plaintiff by the pharma trade, medical fraternity and consumers at large. It is also deposed that the trade-mark DISER enjoys formidable goodwill and reputation in the pharmaceutical trade and amongst pharmacists, chemists and consumers at large on account of its proven therapeutic value.
9. This witness has also deposed that any drug marketed under the trade-mark DISER or any other deceptively similar trade-mark is likely to cause confusion or deception in the trade and amongst consumers about the source and origin of the said drug. It is deposed that the plaintiff is thus the proprietor of the trade mark DISER under common law and is entitled to exclusive right to use thereof under the provisions of the Trade Marks Act, 1999.
10. This witness has also deposed that the plaintiff has been diligently protecting its trade-mark DISER against the unauthorised user of any deceptively similar trademarks. The plaintiff's suit titled as *Kee Pharma*

Limited Vs. Brawn Laboratories Limited and numbered as CS (OS)No.620 of 2004 is pending adjudication before this Hon`ble Court as both the parties got registration for the competing trademarks being DISER & DISCER simultaneously and cancellation petition is pending before IPAB. It is also deposed that the plaintiff's suit titled as *Kee Pharma Ltd. vs. Ralliance Pharma* being C.S (O.S) No.1476 of 2007 was permanently decreed by this Hon`ble Court vide final order and decree dated 14.07.2009. It is also deposed that in the plaintiff's suit titled as *Kee Pharma Ltd. Vs. Blue Wings Pharma* being C.S. (O.S) No. 1681 of 2010 this Hon`ble Court was pleased to pass an *exparte* ad interim injunction order dated 18.08.2010 in favour of the plaintiff and the matter is pending adjudication. It is deposed that the order dated 17.08.2007 & 14.07.2009 passed by Hon`ble Delhi High Court in C.S (O.S) No. 1476 of 2007 and order dated 18.8.2010 passed by the Hon`ble Delhi High Court in C.S. (O.S) 1681 of 2010 are already on record on page No. 1-11 of List of Document dated 16.09.2010 and the same are collectively exhibited as Ex.PW-1/10.

11. The deponent has further deposed that defendants no.1 and 2 are also engaged in the business of manufacturing of pharmaceutical preparations.
12. The deponent has stated that the plaintiff through its sales representatives at Orissa learnt in the 2nd week of September 2010 that the defendants have adopted identical trade-mark DISER in relation to the identical pharmaceutical and drugs preparations as of the plaintiff. The medicine under the impugned trade mark is being manufactured by defendant No.2 and is being marketed by the defendant No.1 at Orissa. It is deposed that the defendants' medicine strip under the impugned trade mark DISER is

already on record on page No. 118 of List of Document dated 16.09.2010 and the same is exhibited as Ex-PW 1/11.

13. PW-1 has also deposed that the electronic search obtained by the plaintiff of the defendants' impugned trade mark confirmed that the defendants neither are the registered proprietors nor have made any trade mark application for registration of the impugned trade mark and the electronic search report obtained by the plaintiff for the mark DISER in class 5 is already on record on page No. 115-116 of List of Document dated 16.09.2010 and the same are exhibited as Ex.PW 1/12.
14. This witness has also stated that the impugned adoption of the trade mark DISER by the defendants is identical and deceptively similar to the plaintiff's trade mark DISER structurally, visually and phonetically. It is deposed that considering other manufactures preparing an anti inflammatory analgesic drug with combination of Serratiopeptidase & Diclofenac Potassium, are using various trade marks such as BIODASE, BIODIC, BIOSER-D, DICLOGEM-SP, DICLOFAM-SP, SERAVIR-D, SERTIFIN-D tabs etc., the defendants cannot possibly have any justification for adopting the impugned trade mark DISER but to derive profits by practicing deception and misappropriating the goodwill and reputation that already subsist in the plaintiff's trade mark DISER. It is also deposed that the documents downloaded from the internet showing same medicine used by other companies under different trademarks is already on record on page No. 113-114 of List of Document dated 16.09.2010 and the same are exhibited as Ex.PW 1/13.
15. PW-1 has also deposed that the plaintiff has no objection if the defendants coin a trade mark for its medicine, which is for anti inflammatory

analgesic drugs till the time it is not engineered to be deceptively similar to the plaintiff's trade mark and it is a honest and bonafide coinage.

16. PW-1 has also deposed that the conduct of the defendant is *mala fide*, dishonest, unethical, unlawful and solely motivated to encash upon the goodwill and reputation of the plaintiff's trademark DISER and to earn easy and illegal profits by passing off its medicinal preparations for those of the plaintiff. It is also deposed that the use of the impugned trade mark DISER by the defendants in relation to its medicinal preparations amounts to misrepresentation and misappropriation of plaintiff's goodwill and reputation in the trade mark DISER as well as constitutes acts of passing off and unfair competition. The sale of infringing goods by the defendants also constitutes acts of "misbranding". It is next deposed that the defendants are actually committing multiple offences and playing fraud upon members of the purchasing public. It is deposed that considering that the goods in question are medicinal preparations and are sold under the identical trade mark, the plaintiff has no control over its quality and efficacy.
17. PW-1 has also deposed that the use of the trade-mark DISER by the defendants, which is identical to the plaintiff's trade mark, constitutes infringement of plaintiff's registered trade mark; and the plaintiff's trademark DISER is a registered trademark in India since the year 2000. This witness has deposed that the medicine bearing the trade mark DISER has been selling in India since June 2000 and the annual turnover of the medicine marketed in India under the trade mark DISER for the financial year 2009-2010 is to the tune of over Rs. 151.47 Lakhs; and any unauthorised use thereof or any other identical or similar mark by any unauthorised trader would inevitably lead to erosion of the distinctiveness

of the registered trade mark DISER and misappropriation of the goodwill and reputation that vest therein, which constitutes a violation of the plaintiff's statutory right and infringement of plaintiff's registered trade mark DISER under Section 29 of The Trade Marks Act, 1999.

18. The witness has also deposed that the impugned trade-mark DISER is an obvious and fraudulent imitation of plaintiff's trade mark DISER; and the impugned trade-mark DISER has been deliberately adopted by the defendants to practice confusion or deception amongst consumers about the source of the goods marketed under the said trade mark and to pass off their goods as one marketed and traded by the plaintiff. He also deposed that the likelihood of confusion or deception is enhanced on account of following factors:

- (a) the competing trade marks are phonetically, visually and structurally identical;
- (b) the competing medicines are for similar purpose;
- (c) imperfect recollection of the trade marks on part of the physicians, chemists or consumers;
- (d) confusion or deception as to which product belongs to which of the two sources, considering that both are not compared side by side is likely, additionally on account of the following factors;
- (e) illegible handwriting or scroll over of trade marks on prescriptions;
- (f) one may be assumed to be a variant of another, both originating from the same source;

(g) the names of manufacturers may not be known;

19. This witness has also deposed that the use of the trade mark DISER by the defendants constitutes acts of misrepresentation about the source and origin of the drugs and would inevitably lead to misappropriation of the goodwill and reputation built by the plaintiff's in their trade mark DISER since 2000; and the use of the trade mark DISER by the defendants, therefore, constitutes acts of passing off of the defendants' goods and/or business for that of the plaintiff. It is also deposed that the use of the trade mark DISER by the defendants is therefore an actionable tort under the common law and is liable to be enjoined under the provision of section 135 of the Trade Marks Act, 1999.
20. PW-1 has also deposed that the use of the impugned trade mark DISER by the defendants also constitutes acts of unfair competition in as much as the defendants are using a trade mark which is deceptively similar to the trade mark of the plaintiff, for sale of medicines not manufactured and marketed by the plaintiff by deriving benefit of all financial and human resource invested by the plaintiff since 2000 in the trade mark DISER without incurring any cost themselves; and the defendants are further competing with the plaintiff in the same field of activities and selling their products taking advantage of brand equity built up by the plaintiff's in the trade mark DISER.
21. It is also deposed that the plaintiff's has no control, access or supervision over the mode of manufacture, working conditions, technical expertise, plant and machinery, hygienic conditions and the raw material used by the defendants for manufacture, packaging and sale of DISER tablets; and any deficiency in the efficacy of the medicines or any health

hazard caused to the consumers, by consumption of the sub standard medicines marketed by the defendants under the trade mark DISER, will directly and adversely affect and cause irreparable prejudice, damage and injury to the goodwill and reputation that exists in the trade mark DISER of the plaintiff; and such damage to the goodwill and reputation of the trade mark DISER of the plaintiff's will be irreparable, colossal and beyond any monetary compensation. The defendants are further likely to destroy plaintiff's brand and the market in case the quality of the defendants' product is deficient or substandard.

22. PW-1 has also deposed that the defendants are also liable to be enjoined permanently so as to protect the public interest at large considering that the goods in question are medicinal preparations and drugs. The consumers are entitled to the products of the plaintiff if the same is prescribed or desired for its efficacious therapeutic value; and the consumers ought to be protected against deception and from being subjected to consume drugs that have been manufactured and dispensed without any supervision or any quality control by the plaintiff. It is also deposed that in addition to the injury that the use of the trade mark DISER by the defendants are causing to the consumers at large, it is also injuring the goodwill, reputation and the business of the plaintiff. The profits earned by the defendants by misappropriating and pirating the intellectual property rights of the plaintiff including the goodwill and reputation that vest in the trade mark DISER belong to the plaintiff and the defendants are liable to render accounts of such profits before this Hon'ble Court. This witness has also deposed that the plaintiffs estimate that the loss suffered by them in business shall be of over Rs.20.0 lacs through the damage and injury to the goodwill and reputation cannot be assessed in monetary terms.

23. This witness has also deposed that apart from the injury to the plaintiff, it is the injury to the purchasing public which is being misled into purchasing the goods of the defendants that have to be urgently protected by this Hon'ble Court. The injury to the goodwill and reputation of the plaintiff's and to the members of the purchasing public can in no way be assessed, quantified or compensated and, therefore, the illegal trade activities of the defendants ought to be restrained permanently by passing a decree.
24. I have heard counsel for the plaintiff and also perused the affidavit by way of evidence, which has been gone unrebutted and the documents placed on record. The plaintiff has been able to establish that the plaintiff is the registered proprietor of the trade-mark DISER in clause 5, which is a coined and invented mark and thus enjoys the highest degree of inherent distinctiveness. Plaintiff has also been able to establish that it has been continuously using the said name and has also taken all steps to diligently protect its trade-mark against the unauthorized use of any deceptively similar trademark. The trade-mark DISER is identical and deceptively similar to the plaintiff's trademark structurally, visually and phonetically and there is no justification for the defendant adopting the impugned trade mark DISER, but to deprive the plaintiff of the profits by misappropriating the goodwill and reputation that also subsists in the plaintiff's trade mark. The facts of this case reveal that the conduct of the defendant is mala fide, dishonest, unethical and unlawful and solely motivated to encash upon the goodwill and reputation of the plaintiff's trademark DISER and to earn easy and illegal profits by passing off its medicinal preparations for those of the plaintiff. The act of the defendant is also likely to tarnish the plaintiff's goodwill and reputation and constitutes act of passing off unfair completion. The plaintiff has also

been able to establish that the acts of the defendant constitute violation of the plaintiff's statutory rights on encashment of plaintiff's registered trademark DISER under Section 29 of The Trade Marks Act, 1999. There is likelihood of confusion or deception amongst consumers by the acts of the defendant, as the competing trade-marks are phonetically, visually and structurally identical; and the competing medicines are for similar purpose. The court can also not loose tract of the fact that illegible handwriting or scroll of the drug on the prescription can also lead to confusion and deception, besides the fact that an ordinary consumer with imperfect recollection can also get confused in this case.

25. In this case at the stage of filing of the suit, interim orders were granted. The plaintiff has established that the plaintiff is the proprietor of the registered trade mark 'DISER'. The aforesaid facts and circumstances show that the plaintiff has the exclusive right to use the trademark 'DISER'. The defendant is attempting to counterfeit the product of the plaintiff and pass off its goods as that of the plaintiff. This not only causes loss of profits to the plaintiff, but results in inferior medicines made available to the public at large who are deceived by the conduct of the defendant.
26. In view of the above, the plaintiff is entitled to a decree of permanent injunction against the defendant from dealing with the goods having infringing mark in terms of prayers (a) to (b) of paragraph 24 of the plaint.
27. The last aspect to be considered is the issue of damages for loss of reputation and business as also the cost of the present proceedings. It is trite to say that the defendant has deliberately stayed away from the present proceedings with the result that an enquiry into the accounts of the defendant for determination of damages cannot take place. However,

the infringement of the trademark of the plaintiff is not in dispute. The plaintiff has claimed damages to the tune of Rs.20,00,000/- towards compensatory and penal damages payable to the plaintiff. Counsel for the plaintiff in support of his case has relied upon *Time Incorporated v. Lokesh Srivastava and Anr.*, 2005 (30) PTC 3 (Del), and more particularly paragraphs 7 & 8, which read as under:

“7. Coming to the claim of Rs.5 lacs as punitive and exemplary damages for the flagrant infringement of the plaintiff's trade mark, this Court is of the considered view that a distinction has to be drawn between compensatory damages and punitive damages. The award of compensatory damages to a plaintiff is aimed at compensating him for the loss suffered by him whereas punitive damages are aimed at deterring a wrong doer and the like minded from indulging in such unlawful activities. Whenever an action has criminal propensity also the punitive damages are clearly called for so that the tendency to violate the laws and infringe the rights of others with a view to make money is curbed. The punitive damages are founded on the philosophy of corrective justice and as such, in appropriate cases these must be awarded to give a signal to the wrong doers that law does not take a breach merely as a matter between rival parties but feels concerned about those also who are not party to the lis but suffer on account of the breach. In the case in hand itself, it is not only the plaintiff, who has suffered on account of the infringement of its trade mark and Magazine design but a large number of readers of the defendants' Magazine 'TIME ASIA SANSKARAN' also have suffered by purchasing the defendants' Magazines under an impression that the same are from the reputed publishing house of the plaintiff company.”

8. In *Mathias v. Accor Economi Lodging, Inc.*, 347 F.3d 672 (7th Cir. 2003) the factors underlying the grant of punitive damages were discussed and it was observed that one function of punitive damages is to relieve the pressure on an overloaded system of criminal justice by providing a civil alternative to criminal prosecution of minor crimes. It was further observed that the award of punitive damages serves the additional purpose of limiting the

defendant's ability to profit from its fraud by escaping detection and prosecution. If a tortfeasor is caught only half the time he commits torts, then when he is caught he should be punished twice as heavily in order to make up for the reason that it is very difficult for a plaintiff to give proof of actual damages suffered by him as the defendants who indulge in such activities never maintain proper accounts of their transactions who they know that the same are objectionable and unlawful.”

28. I am in agreement with the aforesaid submission of learned counsel for the plaintiff that damages in such cases must be awarded and a defendant, who chooses to stay away from the proceedings of the Court, should not be permitted to enjoy the benefits of evasion of court proceedings. Any view to the contrary would result in a situation where the defendant who appears in Court and submits its account books would be liable for damages, while a party which chooses to stay away from court proceedings would escape the liability on account failure of the availability of account books. A party who chooses to not participate in court proceedings and stays away must, thus, suffer the consequences of damages as stated and set out by the plaintiff. There is a larger public purpose involved to discourage such parties from indulging in such acts of deception and, thus, even if the same has a punitive element, it must be granted. R.C. Chopra, J. has very succinctly set out in Time Incorporated's case (supra) that punitive damages are founded on the philosophy of corrective justice. That was the case where the publishers of Time Magazine had come to Court and one of the factors which weighed while awarding punitive damages was that the readers had been sufferers of the infringement of the mark of the plaintiff. The only difference is that in the present case it is the consumer of the products of the plaintiff, who have

suffered as a consequence of the infringement of the mark of the plaintiff by the defendant.

29. For the reasons stated above, the plaintiff has made out a case for grant of decree as prayed in the plaint. Accordingly, the order dated 20.09.2010 is confirmed and the suit is decreed in favour of the plaintiff and against the defendant with costs. Plaintiff is also entitled to the damages to the tune of Rs.5.0 lacs.

G.S.SISTANI, J

FEBRUARY 28, 2012

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