

*** IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ CS(OS) 2107/2006

MACLEODS PHARMACEUTICALS LTD. Plaintiff
Through: Ms. Surekha Raman, Advocate

versus

PROCARE LABORATORIES PVT. LTD. Defendant
Through: Defendant is *Ex parte*.

**CORAM:
HON'BLE MS. JUSTICE REVA KHETRAPAL**

J U D G M E N T

: REVA KHETRAPAL, J.

1. The Plaintiff – Macleods Pharmaceuticals Limited is engaged in the business of manufacture and sale of pharmaceuticals and medicinal preparations and has filed the present suit *inter alia* for injunction to prevent the acts of passing off committed by the Defendant.

2. The Plaintiff claims to be a well-known manufacturer of and dealer in pharmaceutical and medicinal preparations and also claims that its products enjoy a very high reputation because of their excellent quality and efficacy. Somewhere in the year 2000, the Plaintiff, based on the kind of drugs that were being manufactured, divided its pharmaceutical business into various divisions, namely,

Pharma, TB-Care, Procare, Gencare and Acuphar. The subject matter of the present suit is the trademark “**Procare**” used in relation to Plaintiff’s Procare division which is the specialty division focused on chronic care especially cardiology, thyroid disorder and anti hypertension segment. It is averred that in or around May, 2001, the Plaintiff conceived and started using the trademark “**Procare**” for its Procare division and has been marketing and selling the products such as Amlovas-H, OMnitan, Amlvas, Omnitam-H, Amolvas-LS, Tenomac, Amlovas-AT, Amlovas-L, Thyrox, Anti-Thyrox, PTU, K-Cor, Q-Pril, Dynamide, Myogrel, under the trademark “Procare” since then. The trademark “Procare”, it is stated, has been used by the Plaintiff since August, 2001, on visiting cards of its Procare division, promotional literature distributed to doctors, letter heads of its Procare division, website of the Plaintiff Company i.e. *www.macleodspharma.com*, invoices raised on C&F agents and distributors and sample gifts.

3. The Plaintiff claims that the Plaintiff has built up a large and valuable reputation for the aforesaid medicinal preparations sold under the trademark “**Procare**” on account of intrinsic quality and efficacy of the said medicinal preparations, the care and skill exercised by it in marketing the same and the labour, effort and money expended by it in promoting the sales thereof and the said trademark “**Procare**” has come to be associated exclusively with the Plaintiff by members of the trade and public. It is further claimed that the doctors, C&F agents, distributors and others related to pharmaceutical industry are aware

that “**Procare**” is a division of the Plaintiff and the products bearing the said mark are associated with the Plaintiff.

4. The Plaintiff, in March, 2006, filed an application for registration of the trademark, “**PROCARE A division of Macleods**” under Number 01441767 in Class 5 of Schedule IV of the Trademarks Act, 1999. In May, 2006, however, the Plaintiff, for the first time, learnt that the Defendant who is also engaged in the business of manufacturing and marketing of medicinal preparations had got itself registered with the Registrar of Companies, New Delhi as “**Procare Laboratories Pvt. Ltd.**” in November, 2005. It is alleged that the trade name/corporate name using the word “**Procare**” has been registered by the Defendant with the deliberate object of making illegal profit and for trading on the reputation and goodwill developed by the Plaintiff, and by using the trade name/corporate name “**Procare Laboratories Pvt. Ltd.**”, the Defendant has been and is passing off its products as those of the Plaintiff’s.

5. In the circumstances, the Plaintiff served upon the Defendant a notice dated 20th May, 2006, calling upon the Defendant *inter alia* to desist forthwith from using the word “**Procare**” as part of its trade name/corporate name. The Defendant vide its reply dated 03.06.2006, replied to the Plaintiff’s letter denying the Plaintiff’s right in the trademark “**Procare**”. The Plaintiff has therefore, filed the present suit for permanent injunction seeking to restrain the Defendant from passing off, rendition of accounts and delivery up.

6. Summons of the suit were issued to the Defendant who initially appeared and contested the suit by filing Written Statement. On the pleadings of the parties, issues were struck on 15.05.2009. Subsequently, however, the Defendant did not appear and was proceeded *ex-parte* on 07.02.2011, whereafter the suit was listed for the evidence of the Plaintiff. The affidavit of Plaintiff's witness PW1 Shri Mahesh Bauskar was tendered in evidence as **Exhibit PW1/A** alongwith documents **Exhibits PW1/1 to PW1/8**, being copy of the application for registration of trademark "**PROCARE A division of Macleods**" bearing No. 01441767 exhibited as **Ex.PW1/1**; original visiting cards, promotional literature, letter heads, print outs of web pages of Plaintiff's website and invoices raised by C&F agents exhibited as **Ex.PW1/2 (Colly)**; original invoice dated 11.06.2001 exhibited as **Ex.PW1/3**; statement showing the sales of the Plaintiff's various medicinal preparations under Procure division from the period July 2001 to June 2006 exhibited as **Ex.PW1/4** and the original invoices for the said products for the period July 2001 to September 2006 exhibited as **Ex.PW1/8(colly)**; office copy of the notice dated 20.05.2006 exhibited as **Ex.PW1/5**; reply of the Defendant dated 03.06.2006 exhibited as **Ex.PW1/6** and the statement of Plaintiff's claim exhibited as **Ex.PW1/7**.

7. PW-1, Shri Mahesh Bauskar, Deputy General Manager of the Plaintiff Company, in his affidavit by way of evidence **Ex.PW1/A**, corroborated on oath the averments made in the plaint and proved on record documents **Ex.PW1/1 to Ex.PW1/7** to support the said

averments. PW1 also relied upon the document Mark “A”, an extract from the records of the Registrar of Companies enlisting the name of Companies which were registered in November, 2005 which includes the name of the Defendant company.

8. On the basis of the aforesaid evidence, the learned counsel for the Plaintiff submits that the Plaintiff’s adoption and use of the trademark “**Procare**” in respect of medicinal preparations is prior in point of time and accordingly, the Plaintiff is the proprietor of the trademark “**Procare**” and is entitled to use the said trademark to the exclusion of others. The Defendant despite full knowledge of the same included it as an essential and/or prominent part of its corporate name/trading style in respect of goods manufactured by the Defendants which are identical with those of the Plaintiff’s. The Defendant’s corporate name/trading style “**Procare Laboratories Pvt. Ltd.**” is identical with and in any case deceptively similar to the Plaintiff’s trademark “**Procare**” and is bound to create confusion and deception in the market and therefore, the use thereof by the Defendant is dishonest and amounts to passing off the Defendant’s products as those of the Plaintiff’s.

9. Heard the learned counsel for the Plaintiff and scrutinized the record. At the outset, it may be noted that though the Plaintiff has proved on record its application for the trademark “**PROCARE A division of Macleods**” dated 31.03.2006 bearing number 01441767, there is nothing on record to suggest that the application has been allowed and the trademark registered. It is, however, trite that in an

action for passing off, registration of trademark is immaterial, an action for passing off being a common law remedy meant to protect the goodwill and reputation of a person and based on the principle that no man shall sell his goods under the pretense that they are the goods of another man.

10. So far as issue no.5 is concerned, the burden to prove that the suit is bad for delay, acquiescence and laches was on the Defendant yet the Defendant has not brought anything on record to suggest that there has been an inordinate delay in filing the suit or that the Plaintiff ever acquiesced to the use of its trademark “**Procare**” by the Defendant. On the contrary, it may be noted that the Plaintiff acquired knowledge of Defendant’s incorporation in the name of “**Procare Laboratories Pvt. Ltd.**” in May 2006, the Plaintiff served the Defendant with Cease and Desist notice on 26.05.2006, Defendant replied to the said notice on 03.06.2006 and since the Defendant failed to desist from using the word “**Procare**”, the present suit was filed by the Plaintiff in November 2006. The fact that the Plaintiff served the Defendant with Cease and Desist notice as soon as it acquired knowledge of Defendant’s incorporation implies that the Plaintiff never acquiesced or intended to acquiesce to the Defendant’s use of the same. In the circumstances, issue no.5 is decided in favour of the Plaintiff and against the Defendant.

11. This Court in the case of *Beirsdorf A.G. versus Ajay Sukhwani and Anr. 156 (2009) DLT 83*, laid down that in an action for passing off, the Plaintiff is required to prove (a) goodwill; (b) deception by a

third person; and (c) damage or possible damage to the claimant/Plaintiff and that goodwill includes benefit or advantage of a name and reputation in business, that the Plaintiff to succeed in a claim for passing off is required to prove and establish goodwill and the mark associated or identified with the Plaintiff is distinctive of Plaintiff's goods or services as a source of the said goods or services and that the mark or label should distinguish the Plaintiff from others. Deception implies misstatement by the Defendant so as to take benefit and advantage of Plaintiff's goodwill. Misrepresentation, it was held, can be implied and can take various shapes and forms but it is established when the Defendant adopts and starts using distinctive features identified with the Plaintiff or his goods to market his goods or services so as to take advantage of the reputation and goodwill of the Plaintiff. As regards damage, it was held that damage refers to injury and loss caused to the reputation or trade of the Plaintiff and that actual damage need not be proved, possibility of damage is enough. The following observations made by the Court in the said case are apposite:

“26. The second requirement in the trinity is deception. Deception implies misstatement by the Defendant so as to take benefit and advantage of Plaintiff's goodwill. Deception means telling falsehoods about oneself viz. claiming association or connection with the third person to advantage of his reputation. A statement or representation becomes deceitful, when it is calculated to mislead users or prospective users by taking advantage of goodwill and reputation of the Plaintiff. Misrepresentation can be direct as in case of counterfeit

or indirect when the mark or label of the Plaintiff is imitated, is descriptively, phonetically or visually similar. Misrepresentation can be implied and can take various shapes and forms but is established when the Defendant adopts and starts using distinctive features identified with the Plaintiff or his goods to market his goods or services so as to take advantage of the reputation and goodwill of the Plaintiff. Misrepresentation takes place when consumers or some of them, believe or are likely to believe that the Defendant's goods or services are associated or are from the same source as Plaintiff's. When a representation is made so as to cause confusion about the source of goods/services, misrepresentation takes place. No one has a right to confuse consumers to make them believe that he is connected or associated with the Plaintiff to take advantage of the faith in Plaintiff's reputation. Misrepresentation infringes public rights and misleads them. A trader or a service provider should be fair in his dealings and not mislead or tell falsehoods about oneself.

29. For deciding misrepresentation or deception, why and reason for adoption of the mark/label by the Defendant is relevant, though unintentional misrepresentation does not protect and save a trader. Wrongful or deliberate adoption of another's coined or invented mark is viewed strictly. The word NIVEA was coined by the Plaintiff. It is not the case of the Defendants that the word NIVEA is a dictionary word and only with the passage of time it has acquired distinctiveness. In case of coined words, the question of monopoly and justification for claiming monopoly is not relevant. The Defendants have tried to justify adoption of the word NIVEA from the alphabet "N" in the name of Narender, one of the partners of Defendant No.2. It is also claimed that the words "VE" have been taken from

the name Vemla middle name of wife of Defendant No.2, other partner of the company. It is also claimed that the alphabet "A" is taken from the name of Mr. Ajay, one of the partners of the NIVEA Trading Company. The above contention is too specious and farfetched to be accepted. Defendants are Indians, who have been using NIVEA cream and cosmetics for last more than 50 years. They belong to middle class who are familiar and aware that the said mark commands respect as a high quality international product. The initial adoption by the Defendants is therefore fraudulent and wrongful. The explanation given for the said adoption by the Defendants is rejected. It is quite clear that the Defendants have deliberately, intentionally and wrongly adopted the mark/word NIVEA which belongs to and is owned by the Plaintiff. The Defendants have made a misrepresentation by adopting and using the word/mark "Nivea International". They have tried to mislead by claiming business connection or association with the Plaintiff.

30. It was submitted by the Defendants that the Plaintiffs have failed to produce any member of public, who was actually deceived or misled and, therefore, misrepresentation and deception has not been established. Misstatement or deception has to be judged by the Court, keeping in mind consumers of services or goods of the Defendant. The standard applied is not of a vigilant consumer but an unwary normal consumer of the products or services offered by the Defendants. Further, test is not only deception but likelihood of deception. Question of misrepresentation requires examination of the two words/marks or labels to find out whether a purchaser of Defendants' articles/services can be deceived or is likely to be deceived or misled. This is decided by noticing the distinctive features used by the Plaintiff in his mark, name, label, etc. and whether there is resemblance of identity of the said distinguishing

features in the mark, name or label, etc. of the Defendants. A normal consumer is a man of imperfect recollection and the test is whether, considering the similarities between the two marks, a consumer is likely to get confused or misled.

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33. The third aspect is whether the Plaintiff has suffered any damage or injury because of false representation made by the Defendants. Actual damage need not be proved and possibility of damage is enough. Here again argument of the Defendants that no witness has been produced by the Plaintiff to prove actual damage is without merit. Damage refers to injury and loss caused to the reputation or trade of the Plaintiff. Injury is to the goodwill of the Plaintiff and can take place by various modes like diversion of sales, misappropriation of business reputation or misappropriation of personality. Injury is suffered by erosion of the distinctiveness of the brand name and debasement of the reputation. Depreciation or gradual damage, erosion or delusion of Plaintiff's name causes injury. When a Defendant acts with the intention to deceive the public, there is reasonable possibility of injury. In the present case, as already stated above, is one of fraudulent adoption and therefore I accept the argument of the Plaintiff that there is injury as the Defendants had acted in the manner calculated to deceive. Damage/loss in the present case can be presumed as a natural consequence of misrepresentation. The present case is one of misappropriation of business reputation of the Plaintiffs by the Defendants by using the mark NIVEA International. The present case is also one of erosion and delusion of exclusiveness, which the Plaintiff enjoys in the mark NIVEA, a coined word created by the Plaintiff.

It is invasion of this right of the Defendants which has caused injury to the Plaintiff. Thus, the third trinity is also satisfied in the present case.”

12. The Supreme Court in the case of ***Cadila Health Care Ltd. versus Cadila Pharmaceuticals Ltd. (2001) 5 SCC 73***, dealing with a case of passing off initiated by one pharmaceutical company against another, observed that strict measures to prevent any confusion arising from similarity of marks with regard to medicines are required to be taken to avoid possibility of even accidental negligence in view of the varying infrastructure for supervision of physicians and pharmacists of medical profession in our country due to linguistic, urban, semi-urban and rural divide across the country. It was further observed by the Apex Court in the said case as follows:

“25. The drugs have a marked difference in the compositions with completely different side effects, the test should be applied strictly as the possibility of harm resulting from any kind of confusion by the consumer can have unpleasant if not disastrous results. The courts need to be particularly vigilant where the Defendant's drug, of which passing-off is alleged, is meant for curing the same ailment as the Plaintiff's medicine but the compositions are different. The confusion is more likely in such cases and the incorrect intake of medicine may even result in loss of life or other serious health problems. In this regard, reference may usefully be made to the case of Glenwood Laboratories, Inc. v. American Home Products Corpn. [173 USPQ 19 (1972) 455 F Reports 2d, 1384 (1972)] where it was held as under:

“The products of the parties are medicinal and the applicant's product is contraindicated for the

disease for which opposer's product is indicated. It is apparent that confusion or mistake in filling a prescription for either product could produce harmful effects. Under such circumstances it is necessary for obvious reasons, to avoid confusion or mistake in the dispensing of the pharmaceuticals."

26. *It was further submitted on behalf of the appellant that although the possibility of confusion in a drug being sold across the counter may be higher, the fact that a drug is sold under prescription or only to physicians cannot by itself be considered a sufficient protection against confusion. The physicians and pharmacists are trained people yet they are not infallible and in medicines, there can be no provisions for mistake since even a possibility of mistake may prove to be fatal.*

27. *As far as the present case is concerned, although both the drugs are sold under prescription but this fact alone is not sufficient to prevent confusion which is otherwise likely to occur. In view of the varying infrastructure for supervision of physicians and pharmacists of medical profession in our country due to linguistic, urban, semi-urban and rural divide across the country and with high degree of possibility of even accidental negligence, strict measures to prevent any confusion arising from similarity of marks among medicines are required to be taken.*

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32. *Public interest would support lesser degree of proof showing confusing similarity in the case of trade mark in respect of medicinal products as against other non-medicinal products. Drugs are poisons, not sweets. Confusion between medicinal products may, therefore, be life threatening, not merely inconvenient. Noting the frailty of human nature and the pressures placed by society on doctors, there should be as many clear*

indicators as possible to distinguish two medicinal products from each other. It is not uncommon that in hospitals, drugs can be requested verbally and/or under critical/pressure situations. Many patients may be elderly, infirm or illiterate. They may not be in a position to differentiate between the medicine prescribed and bought which is ultimately handed over to them. This view finds support from McCarthy on Trade Marks, 3rd Edn., para 23.12 of which reads as under:

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

13. A look now at the documentary evidence in the instant case with a view to examine whether the present case is a fit case for the grant of permanent injunction with regard to passing off on the touchstone of the aforesaid tests culled out by the Hon’ble Supreme Court.

- (i) **Ex.PW1/1, Ex.PW1/3 and PW1/8(colly)** establish that the Plaintiff has been using the mark “Procare” since 2001;

- (ii) **Ex.PW1/2(colly)** which consists of visiting cards, promotional literature, letterhead, print out from website, invoices, etc. shows that the trademark “**Procare**” is used by the Plaintiff in all its dealings with respect to its Procare division;
- (iii) **Ex.PW1/4**, which is the statement showing the sales of the Plaintiff’s various medicinal preparations under its Procare division from the period July 2001 to June 2006, shows that the sales of the Plaintiff Company have been constantly increasing and have risen from Rs. 6,10,894/- in the year 2001-02 to 52,40,50,498/- in the year 2005-06.
- (iv) **Ex.PW1/5**, which is the cease and desist notice and **Ex.PW1/6**, which is the reply of the Defendant dated 03.06.2006 prove that the Defendant company was incorporated in November 2005; and it is not the case of the Defendant that the Defendant was using the corporate name/trading style of “**Procare Laboratories Pvt. Ltd.**” prior to 2005.

14. The aforesaid documentary evidence which is unrebutted on record cumulatively establishes that the Plaintiff is the prior user of the trademark “**Procare**”, that it enjoys tremendous goodwill in respect of the said trademark and that the C&F agents, distributors, doctors and others related to the pharmaceutical industry identify the said mark with the Plaintiff’s products. There is nothing on record to

suggest that the Defendant who is in the same trade as the Plaintiff did not have any express or constructive knowledge of prior adoption and use of the trademark “**Procare**” by the Plaintiff. The Defendant’s contention that it has never used “**Procare**” as a trademark and that the word “**Procare**” is being used by it only as a firm’s name or trading style is also belied from the documents collectively marked **Ex.PW1/2**, one of which is a sample of Defendant’s packaging where the trademark “**Procare**” is used, *albeit* in a different style. The fact that the Defendant has got incorporated a company using the word “**Procare**” and is selling its products under the said trademark, which is identical to the trademark under which the Plaintiff is marketing its most prominent range of products, coupled with the fact that the Defendant is also engaged in manufacturing and marketing pharmaceutical/medicinal products implies that there is every likelihood of deception/confusion. Further, in view of the fact that the medicines sold by the Plaintiff under its Procare division are for chronic care, especially cardiology, thyroid disorder and anti-hypertension, and in the event of any accidental negligence and/or confusion or deception the results can be catastrophic the dicta laid down by the Apex Court in the case of *Cadila Health Care Ltd. (supra)* that the test is to be applied strictly in the case of passing off of medicinal products squarely applies. The Court is, therefore, of the view that the adoption of the word “**Procare**” by the Defendant as a prominent part of its corporate name/trading style and as its trademark is likely to lead to confusion and/or deception in the minds of

customers and others concerned with the pharmaceutical industry, thereby misleading them into believing that the medicinal preparations sold by the Defendant originate from the Plaintiff.

15. Resultantly, the Plaintiff is held entitled to a decree of permanent injunction in its favour and against the Defendant - Procare Laboratories Pvt. Ltd. The Defendant, its principal officers, servants, agents etc. are restrained from in any manner using the Plaintiff's trademark "Procare" or any other trademark which is deceptively similar to the Plaintiff's trademark as a part of its corporate name and/or trading style or in any other manner as may constitute passing off of the Defendant's medicinal preparations or products as those of the Plaintiff's.

16. So far as the relief of damages is concerned, this Court has time and again awarded punitive damages in cases dealing with infringement of trademark and copyright in order to deter those who undermine the law and has also held that the Defendant who chooses to absent himself from the proceedings must suffer the consequences. Reference may usefully be made to the decisions of this Court in ***Time Incorporated vs Lokesh Srivastava & Anr 2005 (30) PTC 3 (Del)*** and ***Proctor & Gamble Company vs Joy Creators 2011 (45) PTC 541 (Del)***. In the case of ***Time Incorporated (supra)***, this Court laid down as follows:

"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 the law does not take a breach merely as a matter between rival

parties but feels concerned about those also who are not party to this but suffer on account of the breach.”

17. Similarly in ***Proctor & Gamble Company (supra)***, this Court, relying upon its earlier judgments in ***Time Incorporated (supra)***, ***Hero Honda Motors Ltd. Vs. Shree Assuramji Scooters***, 2006 (32) PTC 117 (Del) and ***Microsoft Corporation Vs. Deepak Rawal*** MIPR 2007 (1) 72, made the following apposite observations:

“Also, the Court needs to take note of the fact that a lot of energy and resources are spent in litigating against those who infringe the trademark and copyright of others and try to encash upon the goodwill and reputation of other brands by passing off their goods and/or services as those of that well known brand. If punitive damages are not awarded in such cases, it would only encourage unscrupulous persons who actuated by dishonest intention, use the well reputed trademark of another person, so as to encash on the goodwill and reputation which that mark enjoys in the market, with impunity and then avoid payment of damages by remaining absent from the Court, thereby depriving the Plaintiff an opportunity to establish actual profit earned by him from use of the infringing mark, which can be computed only on the basis of its accounts books. This would, therefore, amount to putting premium on dishonesty and give an unfair advantage to an unscrupulous infringer over those who have a bonafide defence to make and therefore come

*forward to contest the suit and place their case
before the Court.”*

18. In view of the aforesaid, damages in the sum of ₹ 5 lacs along with the cost of the suit are also awarded in favour of the Plaintiff and against the Defendant.

19. CS (OS) 2107/2006 stands disposed of accordingly.

**REVA KHETRAPAL
(JUDGE)**

February 05, 2013