

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

+ **CS(OS) No.1445/2003**

% **9th October, 2012**

ALLEGRAN INC. & ANR.

..... Plaintiffs

Through: Mr. C.M. Lall, Advocate with Ms.
Nancy Roy, Advocate, Ms. Ankita
Obeja, Advocate and Ms. Ekta Sarin,
Advocate.

VERSUS

INTAS PHARMACEUTICALS

..... Defendant

Through: Mr. Sumant De, Advocate.

CORAM:

HON'BLE MR. JUSTICE VALMIKI J.MEHTA

To be referred to the Reporter or not? YES

VALMIKI J. MEHTA, J (ORAL)

1. The subject suit has been filed by the plaintiffs claiming reliefs of injunction, damages etc with respect to the plaintiff No.1's registered trademarks BOTOX and BTX-A. The trademark BTX-A was registered during the pendency of the suit, pursuant to which the plaint was amended and the relief of infringement etc was claimed on the ground of registration

of trademark BTX-A. As is being mentioned later, the defendant lays no claim to the trademark 'BOTOX' and the dispute survives only qua the trademark BTX-A used by the defendant. The product in question of both the parties is a pharmaceutical product used for therapeutic treatment of neurological disorders and muscle dystonias. This product is in injection form.

2. The suit is being disposed of on the principles of Order 12 Rule 6 of Code of Civil Procedure, 1908 (CPC) as only the admitted position in the plaint is being considered. There is no requirement of framing issues on trial in view of the limited and admitted nature of controversy.

3. Counsel for the plaintiffs does not dispute that the trademark BTX-A was registered on 10.2.2005 w.e.f 5.6.2002. The application for registration was filed in June, 2002. Counsel for the plaintiffs also does not dispute that since the year 2002 till date i.e for over 10 years the plaintiffs have not sold their goods being injections under the trademark BTX-A in India. The amended plaint makes no reference to sale of goods in India under the mark BTX-A. Counsel for the plaintiffs agrees that the only issue to be decided in this case is that whether the plaintiff No.1 is entitled to reliefs on

the ground of existing registration of the plaintiff No.1 with respect to trademark BTX-A, and which registration continues to be valid.

4. The issue as to whether a person who is a registered owner of the trademark can continue to have rights in the trademark although goods are not sold under that registered trademark has been dealt with by the two Division Bench judgments of this Court. These two judgments are in the cases of *Fedders Lloyd Corporation Ltd. & Anr. Vs. Fedders Corporation & Anr.*, 119 (2005) DLT 410 and *Virumal Praveen Kumar vs. Needle Industries (India) Ltd. & Anr.*, 2001 (93) DLT 600.

5. In *Fedders Lloyd Corporation Ltd.(supra)*, the Division Bench has observed the following in para 23:-

“23. Though the object of the Trade Marks Act is to protect the proprietary rights of a registered trademark holder, at the same time the object is not to facilitate any monopoly of such registered trade mark holder, despite non use of the trademark by him as contemplated by the Act. A trademark has no meaning, even if it is registered, unless it is used in relation to goods and/or services. A Trademark which drops out of the use, dies when there are no goods offered for sale as there is no use of the trademark. The mark can lose its distinctiveness by non use, where non use is on the part of registered trade mark holder but not on account of external factors beyond the control of such registered trade mark holder.”

6. A reference to the aforesaid para shows that though registration of the trademark is intended to confer ownership rights qua the trademark which is registered, however, the object is not to facilitate any monopoly of such registered trademark holder despite non-use of the trademark. The Division Bench has also observed that a trademark has no meaning, even if it is registered, unless, it is used in relation to goods and services. The Division Bench has categorically observed that the trademark which drops out of the use dies when there are no goods under the trademark available for sale.

7. In the case of *Virumal Praveen Kumar (supra)*, the Division Bench has made similar observations in paragraphs 24, 25, 26 and 29 which read as under:-

“24. In view of the aforesaid factual position what has to be considered is whether the factum of the registration of the trademark in the name of appellant is sufficient to grant relief in favor of the respondents or whether something more is required. This has to be considered in view of the submission of learned counsel for the appellant that the trademark cannot exist in vacuum and in view of their being a non-user of trademark since 1981, the respondents are not entitled to any protection.

25. The Bombay High Court has considered in depth a similar situation, though not identical, in the case of Cluett Peabody's case (supra). It would be useful to refer to the said judgment while

examining the said aspect. Similar pleas had been advanced in the said case by the registered owner of the trademark to the effect that the mark being registered is conclusive as to its validity and till and rectification is carried out, the registered owner is entitled to its exclusive use. It may, however, be stated that in Cluett Peabody's case (supra) the opposite party had applied for rectification and removal of the plaintiff's name from the register while in the present case no such action has been taken by the appellant. It was the further contention by the registered owner that the non use of the mark in India was no defense to the infringement to the registered mark. The learned Single Judge of the Bombay High Court was of the view that the essential feature for Constituting the proprietary right in trademark is that it should be used by the proprietor in his business or in connection with vendible commodity.

26. Though delay be itself would not be a defense but if there was a non-user for a long period of time the mark would lose its distinctiveness or the mark is then permitted to die for non-user. The Bombay High Court observed "It is well settled that lapse of time may bring about a change in the state of things in such a manner that to grant injunction in favor of the plaintiff's would be harsh and it may cause irreparable damage or harm to the rights of the defendants." Thus the Bombay High Court was of the view that non-use of trademark does have a bearing in action for infringement specially at the interlocutory stage and equities would have to be balanced in such a situation. The Bombay High Court had further laid down certain principles in this behalf which have been reproduced in the impugned judgment. In point (f) of the order dated 28th March, 2000 it is stated that the object of the Act is to protect the right and not be a source of monopoly. In point (j) it has been observed that a mark can lose its distinctiveness by non-user. Thus the enforcement of the right of exclusive use of a trade mark will depend on continuous use of the mark by the proprietor. In point (k) it has been observed that the court shall not protect the right of proprietor unless there is sale of the articles to which trade mark is attached or related.

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29. We are in agreement with the view of the learned Single Judge of the Bombay High Court that if there is non-user for a long period of time then by mere registration of the mark continuing the respondents would not be entitled to any injunction. this view is further reinforced by the judgment in Imperial Group's case (supra) wherein it was held that where there is no trading to give rise to a goodwill there is no interest to be protected by a trademark and such a trademark cannot exist in vacuum.”(underlining added)

8. A reading of the aforesaid two judgments leaves no manner of doubt that the entire object of trademark law in conferring ownership rights by registration of trademark is that the trademark becomes distinctive qua the goods on account of the sale of goods with such trademark in the market. If there is no sale, there does not arise the issue of distinctiveness, and mere registration without sales with the trademark does not entitle grant of relief of infringement or passing off. Not only there is no distinctiveness without user of the mark but the judgments observe that the object of registration is not to allow a person to squat on the trademark i.e. continuation of the claim to the trademark without using the same.

9. Learned counsel for the plaintiffs has sought to rely upon the judgment of the Supreme Court in the case of ***Milment Oftho Industries & Ors. Vs. Allegran Inc 2004 (28) PTC 585 (SC)*** in support of the proposition

that even if there is no sale of the goods in India, as long as the plaintiff is the prior user in the world market, and transborder reputation is established, the plaintiff is entitled to injunction even if there is no sale of the goods in India. Paras 9 and 10 of the said judgment read as under:-

“9. We are in full agreement with what has been laid down by this Court. Whilst considering the possibility of likelihood of deception or confusion, in present times and particularly in the field of medicines, the Courts must also keep in mind the fact that nowadays the field of medicine is of an international character. The Court has to keep in mind the possibility that with the passage of time, some conflict may occur between the use of the mark by the Applicant in India and the user by the overseas company. The Court must ensure that public interest is in no way imperiled. Doctors particularly eminent doctors, medical practitioners and persons or Companies connected with medical field keep abreast of latest developments in medicine and preparations worldwide. Medical literature is freely available in this country. Doctors, medical practitioners and persons connected with the medical field regularly attend medical conferences, symposiums, lectures etc. It must also be remembered that nowadays goods are widely advertised in newspapers, periodicals, magazines and other media which is available in the country. This results in a product acquiring a worldwide reputation. Thus, if a mark in respect of a drug is associated with the Respondents worldwide it would lead to an anomalous situation if an identical mark in respect of a similar drug is allowed to be sold in India. However one note of caution must be expressed. Multinational corporations, who have no intention of coming to India or introducing their product in India should not be allowed to throttle an Indian Company by not permitting it to sell a product in India, if the Indian Company has genuinely adopted the mark and developed the product and is first in the market. Thus the ultimate test should be who is first in the market.

10. In the present case, the marks are the same. They are in respect of pharmaceutical products. The mere fact that the Respondents have not been using the mark in India would be irrelevant if they were first in the world market. The Division Bench had relied upon material which prima-facie shows that the Respondents product was advertised before the Appellants entered the field. On the basis of that material the Division Bench has concluded that the Respondents were first to adopt the mark. If that be so then no fault can be found with the conclusion drawn by the Division Bench.”

10. Learned counsel for the plaintiffs placed great stress on para 10 which observes that plaintiff in that case had not entered the Indian market and in spite of which injunction was granted.

11. In my opinion, reliance placed on behalf of the plaintiff on the case of *Milment Oftho Industries (supra)* is misconceived for two reasons. Firstly, in the present case admittedly the plaint makes no reference of the plaintiffs’ entitlement on account of transborder reputation. Once there is no pleading, there does not arise any issue of the plaintiffs leading any evidence on this aspect. Secondly, the Supreme Court in the case of *Milment Oftho Industries(supra)* has been quite categorical in observing that multinational corporations having no intention of coming into India or introducing their products in India should not be allowed to throttle an Indian company by not permitting it to sell a product in India. In the present case, the defendant is admittedly using its goods with the trademark BTX-A

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since at least from filing of the present suit which was filed in the year 2003 and the plaintiffs admit this in clear terms of paras 27, 28 & 34 of the plaint. The defendant is using the mark as a licensee of the company M/s. Lanzhou Institute of Biological Products, a Korean company, based in China. The very fact that the plaintiffs in the plaint themselves state that the defendant is selling its injections under the trademark BTX-A shows that the defendant is already in business (and in this suit it is also so said in the written statement filed in the year 2003). In my opinion, therefore a period of no less than over 10 years is more than enough for the plaintiffs to have entered into the Indian market for selling of its products under its registered trademark BTX-A but the plaintiffs have failed to do so, and since the suit is argued limited to the issue of infringement only of this trademark, the observations of two Division Benches of this Court in the cases of ***Fedders Lloyd Corporation Ltd.(supra)*** and ***Virumal Praveen Kumar (supra)*** therefore squarely apply in the facts of the present case alongwith caveat observations of the Supreme Court in the judgment in the case of ***Milment Oftho Industries(supra)***, and thus there being no sales, the plaintiffs can claim no rights simply by having registration.

12. Learned counsel for the plaintiffs relied upon the judgment in the case of *Hardie Trading Ltd. & Anr. Vs. Addisons Paint and Chemicals Ltd. 2003 (27) PTC 241 (SC)* in support of the proposition that if there is international use and transborder reputation, a cancellation petition cannot succeed with respect to registered trademarks. In my opinion, once again reliance placed upon by the counsel for the plaintiffs is totally misconceived for two reasons. Firstly, in the judgment in the case of *Hardie Trading Ltd (supra)* a case of inability to sell on account of ‘special circumstances’, i.e commercial inability and local conditions, was set up whereby the registered trademark owner in that case could not manufacture the drug locally or sell the drug locally. In the present case, there are no averments made in the plaint with respect to any ‘special circumstances’ which prevented the plaintiff from selling goods in India under the trademark BTX-A. Secondly, the observations of two Division Bench judgments of this Court when read in the light of judgment of the Supreme Court in the case of *Milment Oftho Industries(supra)* makes it clear that even in spite of registration, once there is non-user of the trademark for long period of time, the entitlement to claim reliefs on the ground of registration goes. Therefore, the judgment cited in

the case of *Hardie Trading Ltd (supra)* will have no application to the facts of the present case.

13. In view of the aforesaid, counsel for the defendant does not press any issue of prior user for the time being so as to defeat the claim of the plaintiffs, and prays for and is granted liberty to raise the issues of defendant's prior use or honest concurrent use or dissimilarity of the two marks in appropriate proceedings if so necessary.

14. In view of the aforesaid following conclusions can be reached:-

(i) Plaintiffs are owners of the registered trademark BTX-A in terms of registration dated 10.2.2005 w.e.f. 5.6.2002.

(ii) The plaintiffs however have till date i.e for around 11 years not sold any goods in India under the trademark BTX-A and there is no pleading of existence of 'special circumstances' for not selling of the goods.

(iii) The only reliefs and the cause of action which is pressed before me is on account of infringement by the defendant of the registered trademark BTX-A of the plaintiffs, but, the reliefs cannot be granted on account of non-use by the plaintiffs of BTX-A inasmuch as right to the trademark is lost by non-user for a very long time and monopoly by squatting is impermissible in law.

15. After hearing the arguments in this suit, and when I completed dictating the present judgment, at this stage, counsel for the plaintiffs suddenly pleads that in addition to claiming the right of infringement with respect to registered trademark, plaintiffs wish to press the claim with respect to passing off of the trademark BTX-A. In my opinion, it is highly unfair that after arguments were completely heard and the judgment was almost completely dictated/pronounced, suddenly the counsel for the plaintiffs can seek to argue differently. Be that as it may, once I have held that the plaintiffs admittedly have not filed or relied upon any sale in India of their goods under the trademark BTX-A, and sales being *sine qua non* to establish a case of passing off, the plaintiffs cannot even succeed on this claim of passing off. So far as the claim of passing off on account of plaintiffs' selling the goods abroad is concerned, I have already stated above that the suit plaint does not set up a case of any transborder reputation existing in India, and therefore, the issue of passing off on account of sales abroad also does not arise in the facts of the present case.

16. In view of the above, plaintiffs are not entitled to any of the reliefs claimed in the present suit. The suit is accordingly dismissed with respect to the trademark BTX-A leaving the parties to bear their own costs.

17. Finally, I take on record statement of counsel for the defendant that defendant does not claim any right in the trademark BOTOX of the plaintiffs and the defendant has not manufactured and is not interested in manufacturing goods under the trademark BOTOX with the further statement that defendant has neither in the past sold nor in future has any intention to sell any goods under the trademark BOTOX. The defendant will be bound by the statement made by its counsel.

VALMIKI J. MEHTA, J

OCTOBER 09, 2012

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