

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

Reserved on: 25th July, 2019

Pronounced on: 1st October, 2019

+ CS(COMM) 292/2016

GLAXO SMITHKLINE PHARMACEUTICALS LTD & ANRPlaintiffs

Through: Ms. Tanya Varma and Ms. Eva
Bishwal, Advocates.

versus

NAVAL KISHORE GOYAL & Ors. Defendants

Through: Mr. Ashraf Yusuf Khan and
Shambhu Saran Shukla, Advocates
for Defendant NoS. 1 and 2 with
Defendant No. 2

CORAM: JUSTICE SANJEEV NARULA

JUDGMENT

SANJEEV NARULA, J

1. The present suit concerns Plaintiffs' statutory and common law proprietary rights over the trademark ZENTEL and violation thereof by the Defendants on account of use of a deceptively similar mark FENTEL for identical pharmaceutical preparation.

CASE OF THE PLAINTIFF

2. The case as set out in the plaint is that the Plaintiffs (together and through their subsidiaries/affiliates world-wide), are engaged in the business of manufacturing and marketing a wide range of products, *inter alia*,

pharmaceutical and medicinal preparations and health care products of high quality. Plaintiff No. 1 manufactures and markets various pharmaceutical products in India including, but not limited to, BETNOVATE, CEFTUM, FEFOL, ZENTEL etc. Plaintiff No. 2 (Smith Kline & French Laboratories Limited) is a company incorporated under the laws of the United Kingdom and involved in the business of manufacturing, fabricating, or processing of drugs in pharmaceutical preparations for human or veterinary use. Plaintiffs Nos. 1 and 2 are members of GlaxoSmithKline group of Companies of which GlaxoSmithKline Plc (hereinafter referred to as "GlaxoSmithKline") is the parent Company. GlaxoSmithKline was formed following the merger of Glaxo Wellcome Plc and SmithKline Beecham Plc and is one of the world's largest pharmaceutical Companies.

3. The trademark ZENTEL registered in the name of Plaintiff No.2 under registration No. 361874 in class 5 since May 14, 1980 is an invented word having no dictionary meaning and has a highly distinctive character. The mark is being used in India by the Plaintiffs since 1986 in respect of Albendazole tablets and syrups meant for de-worming purposes in human beings. The said product under the trademark ZENTEL, is extremely well known in this category, both in India and the world over.

4. The aforesaid trademark has been duly renewed from time to time and is subsisting, conferring on the Plaintiffs the exclusive right to its use and to restrain use of any identical or deceptively similar marks by unauthorized persons. Being a 'Part A' registration and over seven years old, the aforesaid registration is conclusively valid by virtue of the provisions of Section 32 of

the Trade and Merchandise Marks Act, 1958. Plaintiffs have over the years entered into Registered User Agreements which permitted the use *inter alia* of the trade mark ZENTEL by Plaintiff No.1 in India, the most recent of which was entered into on 29th October, 1993. Plaintiffs have applied to the Trade Marks Registry for recording of the said Agreement. The trademark ZENTEL, among others, is being used under a Technical Collaboration Agreement with SmithKline Beecham Plc, which was entered into on 1st June 1995.

5. In March 2003, Plaintiffs' attention was drawn to the product FENTEL manufactured and sold by the Defendants. Inquiries revealed that Defendant No. 1, Mr. Naval Kishore Goyal, is the Director of Defendant No.2 company, Faith Pharmaceuticals Ltd., which is engaged in the manufacture and marketing of Albendazole preparation under the mark FENTEL which are being distributed/marketed in various parts of India. Defendant No.3, Mr. Harish Goyal of M/s Samson Laboratories (P) Ltd, is engaged in the manufacturing and marketing of Albendazole preparation under the mark FENTEL for and on behalf of Defendant No. 2.

CASE OF THE DEFENDANTS

6. Defendants contend that they are proprietors of the Trade Mark FENTEL since its introduction in April, 1998. The said Trade Mark is being used only in respect of Albendazole tablets and not for any other purpose. It has acquired substantial reputation in the market due to its high quality, effectiveness and competitive price. Defendants have spent huge amounts of money and extensive resources on clinical trials, research and development,

obtaining permissions from various Govt. authorities, applying for registration of the Trade Mark, subsequent order and launching the product in the market and further steps in relation thereto.

7. Defendants have coined the word FENTEL as a Trade Mark keeping in mind the name of their company, nature of disease and the drug Albendazole which is used to cure the disease. It was submitted that the first letter "F" was obtained from the word FAITH, that is, the first word of their company Faith Pharmaceuticals Ltd., while the letters "ENT" were obtained from the Greek word "enterikos" (enteron intestine), which means 'intestines'. While the last two letters "EL" were obtained from the name of the drug "ALBENDAZOLE". The word FENTEL was coined to indicate that the disease pertaining to intestines can be cured through the use of drug Albendazole under the trademark FENTEL. Defendants found that the most appropriate word to use in respect of its medicinal product is FENTEL, and adopted the same. Plaintiffs, on the contrary have no cogent explanation for adopting the mark "ZENTEL".

8. Defendants contended that the Plaintiffs were fully aware of the launch and marketing of Defendants' product FENTEL, as the advertisements of both the Companies were appearing side by side in same journals and magazines. In spite of the knowledge of the products manufactured and marketed under the trademark FENTEL, since the year 1998, Plaintiffs chose to wait and file the present suit on 9th July, 2003. This belated action was initiated with the intention to disturb the established market of the defendants. In the aforesaid period of time, Defendants have established a

niche in the market and have sold their products worth several lakhs. Thus on the ground of delay, laches and estoppel, Plaintiffs are not entitled to relief of injunction and the present suit is liable to be dismissed.

PROCEEDINGS IN THE SUIT

9. The suit was listed for hearing for the first time on 11th July 2003. On the said date, while issuing summons in the suit, the Court granted ex-parte injunction in favour of the Plaintiff and restrained the Defendants from manufacturing, selling or offering for sale pharmaceutical preparations under the trademark FENTEL or any other mark which may be deceptively similar to the Plaintiff's trademark ZENTEL.

10. Thereafter, on 10th November 2003, on an application [I.A. No. 10692/2003] filed by Plaintiff and Defendant No. 3, under Order 23 Rule 3, the Court recorded the terms of the settlement and decreed the suit qua Defendant No. 3 in terms of paragraphs 27 (i), (ii) and (iii) of the plaint. The suit continued against Defendant No. 1 and 2. On 15th September 2004, the ex-parte injunction was confirmed and the interim order dated 11th July 2003 was made absolute. Proceedings in the suit progressed and on 22nd August 2006, on the basis of pleadings between the parties, following issues were framed:

“1. Whether the use of the mark FENTEL by the defendants amounts to infringement of plaintiffs registered trademark ZENTEL under No. 361874 in class 5?

OPP

2. Whether the defendants have passed off their goods as that of plaintiff ?

OPP

3. Whether the plaintiffs are entitled to injunction as prayed for and also rendition of accounts besides delivery of impugned goods ?

4. Whether the present suit is liable to be dismissed on the grounds of delay, laches and estoppel ?

OPD

5. Whether defendants 1 and 2 are the proprietors and inventors of trade mark FENTEL and have been using this trade mark since 1998 honestly? If so whether the plaintiffs had knowledge regarding the said use of the trade mark ?

OPD

6. Relief'

TRIAL IN THE SUIT

11. Both parties led their respective evidence. The Plaintiff examined Mr. Rahul Sethi (PW-1) and Mr. Sanjay Bhan (PW-2). The aforementioned two witnesses, supported the case of Plaintiffs and proved the following documents:

PW-1's documents:

1. Ex. P-1: Photograph of Plaintiff's product ZENTEL
2. Ex. P-2: Photograph of Defendant's product FENTEL
3. Ex. P-3: Photocopy of Defendant's price list
4. Ex. P-4: Certificate of trademark registration and worldwide registrations of Plaintiff's mark.
5. Ex. PW1/1: Power of Attorney in favour of Mr. Rahul Sethi
6. Ex. PW 1/4: Trademark License Agreement between Plaintiff No. 2 and one Eskayee Limited
7. Ex. PW 1/5 A-E (Colly): Injunctions granted in favour of Plaintiff No.2 for trademark ZENTEL.

PW-2's documents:

1. EX PW 2/2: Extracts from the Annual reports of the Company.
2. EX PW 2/3 collectively: Extracts from the Company's website.
3. EX PW 2/4 collectively: Extracts from the Plaintiff's website evidencing that around 99,000 people are employed in over 100 countries out of which 15,000 people work in the research teams to discover new medicines.
4. Ex PW 2/5 collectively: Extracts from the Company's website evidencing that the Company is engaged in manufacturing and marketing various pharmaceutical products in India.
5. EX PW 2/6 collectively: Invoices evidencing the sales of the Plaintiff's products under the mark ZENTEL in India and
Mark A: copies of invoices.
6. EX PW2/7: Extracts from the online medical journals as well as extracts from pharmaceuticals guides.
7. Ex PW 2/8 collectively: Copies of articles from the internet and magazines.
8. Ex PW 2/9: The report of the Local Commissioners.

12. Defendant No. 2 examined himself as DW-1 and Mr. Diwakar Prasad Senior Business Manager, UBM Medica India Private Ltd as DW-2. In response to the summons, DW-2 produced a letter dated 14th September 2017 and the same was exhibited as Ex. DW-2/B. The letter of authority authorizing DW-2 to be present before Court on behalf of UBM Medica India Private Ltd has been placed on record as DW-2/A. Dr. Sanjeev Malik was examined as DW-3. He confirmed that he was the publisher of Indian Drug Review Magazine till March 2006, but was unable to produce the

Indian Drug Review for the month of September-October 2001, and deposed that the said magazine had been publishing the advertisements of Faith Pharmaceutical Pvt. Ltd. since the year 2000.

ANALYSIS AND FINDINGS

Issue Nos. 1 and 2.

13. The suit has been instituted by GlaxoSmithKline Pharmaceuticals Ltd. [Plaintiff No. 1] and Smith Kline & French Laboratories Limited [Plaintiff No. 2] both being members of the GlaxoSmithKline Group of Companies. Plaintiff No. 1 was incorporated in the year 1924 in India as H. J. Foster & Co. and came to be known as GlaxoSmithKline Pharmaceuticals Ltd., following a merger with SmithKline Beecham Pharmaceuticals (India) Ltd. in 2001. Plaintiffs have placed extract from the annual report of [Ex. PW-2/2] and also extract from company's website [Ex. PW-2/3] to prove merger of the companies. Plaintiff No. 2 was founded in United Kingdom in 1880 and is the registered proprietor of the trademark ZENTEL in India under Registration No. 361874 in Class V since May 14, 1980. Plaintiffs have placed the Certificate of Registration on record [Ex. P-4]. Plaintiffs have also placed on record list of their products being marketed in India, as displayed on the website of Plaintiff No. 1 [Ex. PW-2/5]. In order to prove that Plaintiffs adopted the trademark ZENTEL in 1980 in respect of Albendazole tablets and syrups meant for de-worming purpose in human beings and have been using the same continuously since 1986, invoices evidencing sale of the products have been placed on record [Ex. PW-2/6]. Proof of earliest use of the trademark ZENTEL in India has been shown by way of listing of the Plaintiffs' product in Indian Pharmaceuticals Guide of

1995 [Ex. PW-2/7]. To show that Plaintiffs' trademark has acquired distinctiveness on account of extensive advertisement and promotion and is exclusively associated with the Plaintiffs, several articles as available on the internet have also been placed on record [Ex. PW-2/8], some of which date back to the year 2003. The extracts from the online medical journals and guides contain discussion about Plaintiff's product relating to the year 2001 [Ex. PW-2/7]. Certificate from IMS Health Information and Consulting Services Pvt. Ltd. demonstrating the basic market share, business of the product and ranking in its category is also relevant [PW-2/X]. Besides, several other documents relating to Plaintiffs enforcing their rights in the trademark ZENTEL by way of legal action in several Courts have also been placed on record. These show that the Plaintiffs have obtained restraint orders against products sold under the name of ANTEL, ZANTROL, ZEETEL, LETNEZ and ENTEL.

14. Plaintiff's product is a pharmaceutical preparation exclusively for human use and is to be sold only on written prescription by a registered medical practitioner (Schedule H Drug). In the plaint as well as in the evidence by way of affidavit, the Plaintiffs have disclosed sales figures of ZENTEL. The global sales turnover of Plaintiff's pharmaceutical product under the trademark ZENTEL, is stated to be 2,61,68,000 pounds in the year 2004. The worldwide sales promotion figures of the Plaintiff's pharmaceutical preparation under the said trademark is stated to be 13,87,000 pounds for the year 2004. The sales figures for the product sold under the said trademark ZENTEL in India is stated to be Rs. 1,00,04,000/- in 2004. From the aforesaid documents and the testimony of the Plaintiffs witnesses, there is

no doubt that the Plaintiffs adopted the trademark ZENTEL in the year 1980 and have been using the same continuously since 1986. The trademark has acquired distinctiveness on account of its extensive use, which is proved by documents placed noted above. Thus, by virtue of long standing use, vast publicity and promotion, it can be concluded that the mark ZENTEL has earned substantial goodwill and reputation and the members of the trade and public associate the said trademark with the Plaintiffs and no one else.

15. The pivotal question before the Court is whether Defendants' mark "FENTEL" is deceptively similar to Plaintiffs' trademark "ZENTEL". The Supreme Court in the case of *F. Hoffman La Roche v. Geofferey Manners* reported in (1969) 2 SCC 716, has laid down the test to be applied for ascertaining whether the rival marks are deceptively similar or not. The Court held that true test is whether the totality of the proposed trade mark is such that it is likely to cause deception or confusion or mistake in the minds of persons accustomed to the existing trade mark. In the said case, while deciding the question of infringement relating to trademark "PROTOVIT" and "DROPOVIT", it was held that marks have to be compared from the point of view of a person of imperfect recollection and meticulous comparison of both the words side by side is not to be made, but the marks are to be compared as a whole looking at the first impression created in the minds of the consumer. The Court has to lay stress on the common features rather than on the differences in essential features. In the case of *Cadilla Healthcare Ltd. v. Cadilla Pharmaceuticals Ltd.* 2001 PTC 541 (SC), the Supreme Court was deliberating on the question of infringement in relation to two brand names "Falcitab" and "Falcigo". Referring to its earlier

judgment in *Amridhara Pharmacy v. Satyadev Gupta* AIR 1963 SC 449, the Court held that for deceptive resemblance, two important questions that need to be kept in mind are i) who are the persons that the resemblance must be likely to deceive or confuse and ii) what rules of comparison are to be adopted in judging whether such resemblance exists. It was further held that confusion is perhaps an appropriate description of the state of mind of a consumer who on seeing a mark thinks that it differs from the mark on goods which he has previously bought, but is doubtful whether the impression is not due to imperfect recollection.

16. Bearing the aforesaid principles in mind, on comparison of the two competing marks ZENTEL and FENTEL, one can easily perceive that there are overwhelming visual, structural and phonetic similarities between the two marks. Both the marks are being used in relation to drugs used for the treatment of the same condition i.e. for de-worming. Both the drugs are Schedule H drugs. Undoubtedly, such drugs are sold by the chemist only on the prescription of a doctor and are not available across the counter. Nevertheless, one cannot lose sight of the ground realities that exist in India where the drugs meant to be sold only on the prescription of a medical practitioner are available across the counter. This fact has also been noticed in several judgments of the Supreme Court while dealing with claims of infringement in respect of Schedule H drugs. Courts have held that because of lack of competence or otherwise, mistakes can arise especially when the trademarks are deceptively similar. Reference may be made to the case of *Dr. Reddy's Laboratory Ltd. V. Reddy Pharmaceuticals* 2013 SCC OnLine Del 3626, wherein it was observed as under:

"With respect to placitum (e), I am the opinion that the defence regarding the education of the Doctors and Pharmacists litigating confusion is not well founded. Courts in India have held in a catena of judgments that, a greater degree of care has to be applied in the case of passing-off when it comes to pharmaceutical drugs. In the Cadila Case (supra), the Apex Court has observed:

"It may here be noticed that Schedule "H" drugs are those which can be sold by the chemist only on the prescription of the doctor. But Schedule „L" are not sold across the counter but are sold only to the hospitals and clinics. Nevertheless, it is not uncommon that because of lack of competence or otherwise, mistakes can arise specially where the trademarks are deceptively similar. In Blansett Pharmaceuticals Co. v. Carmick Laboratories Inc., it was held as under - „confusion and mistake is likely, even for prescription drugs prescribed by doctors and dispensed by pharmacists where these similar products are marketed under marks which look alike and sound alike.

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. .

In the case of R. J. Strassenburgh Co. v. Kenwood Laboratories, Inc. as noted in the decision of Morgenstern Chemical Co. Case, it has been held that - „physicians are not immune from confusion or mistake. Furthermore, it is common knowledge that many prescriptions are telephoned to the pharmacists and others are hand written, and frequently handwriting is not unmistakably legible. These facts enhance the chances of confusion or mistake by the pharmacists in filling the prescription, if the marks appear too much alike when handwritten or sound too much alike when pronounced. .

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.

[A]lthough 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." (emphasis supplied)."

(Emphasis supplied)

17. The confusion and mistake is likely even for prescription drugs prescribed by doctors and dispensed by pharmacists. In the present case, the marks look and sound alike and therefore FENTEL can be mistakenly administered under a wrong impression of being ZENTEL and this can lead to severe and disastrous consequences that can have adverse impact on public health. Therefore, in such matters, the Court has to take a far stricter approach to restrain unauthorized use of deceptively similar mark [Ref: *Cadila* (supra)]. Plaintiffs' mark has been in existence since 1980 and the evidence led in this regard is uncontroverted and the Plaintiff has successfully proved that the mark has been in use in India since then. Since the Defendants have laid much emphasis on as to how the mark came to be adopted by them, it is also important to deal with the said contention. Defendants have attempted to give an explanation for adopting the mark FENTEL by expositing that it is based on the name of the company, the drug used therein, the nature of disease. However, such explanation is far from convincing, as is evident from the cross examination of Defendant No. 1, as under:

“I MBBS, MD. My affidavit Ex. DWI/A has been drafted by my counsel. I had signed the affidavit in my office. I am in the field of Pharmaceuticals since 1996. It is correct that my company was selling a medicine in the name of ALCALM in the year 2001. The API of this medicine was ALPRAZOLAM. It is correct that it is an anti anxiety medicine. It is wrong to suggest that the name of the medicine ALCALM was derived from ALPRAZOLAM and CALM. (Vol.) The names are derived from the similar words.

It is correct that my company was also manufacturing the medicine FAZIN. The API of this medicine was CETRIZINE. It is correct that the name of the medicine was derived from the word FAITH (the name of the company) and CETRIZINE. It is correct that my company was also manufacturing the medicine DOXY TAB. The API of this medicine is DOXYCYCLINE. It is correct that the name of the medicine was derived from the word DOXYCYCLINE and the word 'TABLET'.

It is correct that in none of the aforesaid medicines, no component of foreign languages is used in their names. I have not named any medicine manufactured by my company using the foreign language. I am conversant with Hindi, English and medical terminologies. It is correct that I have used a part of API Component in naming the aforesaid medicines. It may be possible that the spelling in the trademark of the medicines and the API component in the aforesaid medicines may vary. It is correct that the term 'DOXY' in the medicine DOXY TAB is derived from the API DOXYCYCLINE. It is wrong to suggest that there is no difference in the spellings in the aforesaid medicines and the API components. (Vol.) In the medicine FAZIN, the alphabet 'E' has not been used whereas in the API Component, the spelling is 'CETRIZINE'.

It is correct that the price-list Ex.P3 is issued by my company. It is correct that in the price-list medicine FAZIN has been spelt as FAZINE.

It is wrong to suggest that I have deposed falsely with regard to this medicine, as it is very old case pertaining to the year 2003.”

(Emphasis supplied)

18. The explanation sought to be given for adoption is downright imaginative and far-fetched. It is difficult for the Court to accept that “EL” is based on Albendazole, as one cannot anywhere see the two letters appearing together in the spelling of the said compound [Albendazole], in any form or sequence and therefore this contention has been raised only to confuse the Court and to justify the adoption of the mark FENTEL. In ***SBL v Himalaya Drug Company*** 1997 PTC (17) 540 (DB), it was observed that in the trade of drugs it is common practice to name a drug, by the name of the organ or ailment which it treats or the main ingredient of the drug. Such organ, ailment or ingredient being *public juris* or generic cannot be owned by anyone for use as trade mark. Thus, in the instant case, the Defendants have sought to explain the use of the mark FENTEL by virtue of the component Albendazole which is part of the drug’s composition. However, such an explanation is not plausible and even if the word “Albendazole” may be assumed to be *publici juris*, the Defendants’ mark FENTEL is not derived from the same.

19. Further, Defendant No. 2 in its written statement and also in the evidence by way of affidavit falsely claimed that the Plaintiffs’ product is a syrup and the Defendants’ product is a tablet. From the facts brought on record, it is established that Plaintiffs’ product is also sold in the form of tablets. In fact, Defendant No. 1 during his cross examination on 25th September 2017, confirmed the above position which is evident from the following responses during the course of cross examination:

“Q. I put it to you that you have deposed falsely in para 16 of

your affidavit, where you have stated that plaintiffs product "ZENTEL" is only available as a syrup?

A. It is wrong. (VoLZentel is available both as a tablet and a syrup and I have mentioned this in this paragraph).

Court observation: When asked witness has failed to show where "Zentel" has been referred as a tablet in para 16 of his affidavit. The witness states that para 16 has been wrongly drafted. I only meant to say that plaintiff makes both tablets and syrups and defendant only makes tablet."

20. The report of the Local Commissioner [Ex. PW-2/9] has also been placed on record wherein it has been stated that pursuant to orders of the Court, 1,133 finished products and 1000 pieces of packaging material was seized from the premises of the Defendant which had the offending trademark FENTEL. It is also significant that the mark ZENTEL is an invented word and therefore has highly distinctive character. Although there is difference in the first consonant of the two marks, however that itself would not be sufficient to bring out the distinction between the two marks. The likelihood of deception while purchasing Defendants' goods believing them to be that of Plaintiff, is more pronounced having regard to the nature of the two products, the similarities therein and also the target audience.

21. Furthermore, the trademark ZENTEL does not fall into the category of generic words that may be *publici juris* which cannot be allowed to be monopolized by anyone as their trademark. The adoption of the trademark FENTEL which is strikingly and deceptively similar to Plaintiff's trademark that has been in the market for several years and has gained commercial success cannot be said to be a pure chance of coincidence. Thus, I have no hesitation to hold that use of the mark FENTEL by the Defendants amounts

to infringement of Plaintiff's trademark ZENTEL.

22. Accordingly the issue No. 1 is decided in favour of the Plaintiffs and against the Defendants.

23. Next comes the question as to whether the Defendants are trying to pass off their mark FENTEL as that of the Plaintiffs. The testimony of Defendants does not disclose any plausible explanation for adoption of the mark, except for the one noted above, which contention has been rejected by the Court. It cannot be accepted that Defendant No. 1, a pharmaceutical company was unaware of Plaintiffs' trademark ZENTEL. The evidence placed on record shows that the Plaintiffs' mark ZENTEL has acquired a distinctive meaning associated with a drug used for de-worming. Defendants' adoption of the trademark ZENTEL is thus entirely dishonest and was intended to pass off its goods as that of the Plaintiff. In *Cadilla* case, the Supreme Court has crystallized the law relating to passing off on the basis of unregistered trademark. It was held that in the case of unregistered trademarks, a passing off action is maintainable which depends upon the principle that nobody has a right to represent his goods as the goods of some body.

24. Keeping the aforementioned factors in mind, it can easily be said that the Defendant's mark on all counts appears to be a dishonest adoption, with the intent to pass off their goods as that of the Plaintiff. Accordingly, issue No. 2 is also decided in favour of the Plaintiffs and against the Defendants.

Issue No. 4

25. Defendants' contention relating to the ground of delay and laches and estoppel is based on the plea of acquiescence. However, no evidence has been brought on record in support of this contention. Plaintiffs have filed the present suit in July 2003 stating that they have come across the use of the mark FENTEL by the Defendants in March 2003. Defendants have failed to prove launch of the product in 1998. On the other hand, Plaintiffs have proved their case that they found the Defendants' products in 2003.

26. It has been held in numerous decisions that mere inaction on the part of Plaintiff in a trademark infringement suit does not exclude the right owner Plaintiff from suing for infringement. In ***Hindustan Pencils Private Limited v. India Stationary Products Co.*** AIR 1990 Del 19, this Court dealt extensively with the question of delay and acquiescence. It was held that in order to claim the defence of acquiescence, there should be a tacit or an express assent by the plaintiff to the defendant's using the mark and in a way encouraging the defendants to continue with the business. It is as if the plaintiff wants the defendant to be under the belief that the plaintiff does not regard the action of the defendant as being violative of the plaintiff's rights. In ***Dr. Reddy Laboratories Pvt. Ltd. V Reddy Pharmaceuticals*** 2013 SCC OnLine Del 3626, the question of acquiescence and laches was discussed elaborately and the Court took note of the fact that the owners of trademarks or copyrights cannot be expected to run after every infringer and thereby remain involved in litigation at the cost of their business time, but can wait till the time the user of their name starts harming their business interests and starts misleading and confusing their customers. In ***Emcure***

Pharmaceuticals Ltd. V Corona Remedies Pvt. Ltd. 2014 SCC OnLine Bom 1064, the Bombay High Court extensively discussed the defence of acquiescence as available to an alleged infringer of trademark. It was held that a mere failure to sue without a positive act of encouragement is no defence and is no acquiescence. Further, examining the concept of “acquiescence”, it was observed that acquiescence is a species of estoppel, a rule in equity and a rule of evidence and it is essential to the acquiescence doctrine that it is accompanied by an encouragement or an inducement: he who possesses a legal right must have encouraged the alleged violator of that right in acting to the latter's detriment, confident in the knowledge that the former is not asserting his rights against the violator. Acquiescence is sitting by when another invades your rights and spends money in the doing of it. It is conduct incompatible with claims of exclusivity, but it requires positive acts, not mere silence or inaction (of the stripe involved in the concept of laches). Acquiescence is not mere negligence or oversight. There must be the abandonment of the right to exclusivity. In ***Midas Hygiene Industries v. Sudhir Bhatia*** 2004 (28) PTC 121 (SC) the Apex Court held that mere delay in bringing action is not sufficient to defeat grant of injunction in infringement cases. Even otherwise, the act of infringement is a separate cause of action as held by the Supreme Court in ***M/s. Bengal Waterproof Limited Vs. M/s. Bombay Waterproof Manufacturing Company*** 1997 (17) PTC 98 SC. In view of the facts on record and law on the subject, the Issue No.4 is decided against the Defendants and in favour of the Plaintiffs.

Issue No. 5

27. Defendants have justified the use of the said trademark by contending that they are in the market since April 1998 and have been manufacturing Albendazole tablets under their trademark. Defendants further contended that they have taken several irreversible steps and achieved milestones such as conducting clinical trials before starting production of the product; obtaining various licenses from Drug Controller, Government of Delhi; drug manufacturing license from Government of Delhi; filing an application with the Registrar of Trademarks on 11th July 2001 for registration of the trademark FENTEL; launch of the product in April 1998 and subsequent sales. Defendants have further alleged that the Plaintiffs were fully aware of the launch and market of Defendants' products as the advertisements pertaining to the products of the Plaintiffs were appearing side by side in the same journals and magazines. Defendants have further contended that in spite of complete knowledge of their products, since the year 1998, Plaintiffs chose to file the present suit on 9th July 2003 with the intention to disturb Defendants' Market. Defendants have further alleged that the mark FENTEL has acquired substantial reputation in the market due to high quality, effectiveness and competitive price. Defendants have also sought to explain the adoption of the mark FENTEL claiming that it was coined keeping in mind the name of their company, nature and disease and use of the drug Albendazole to cure the disease.

28. It is also contended that the search report generated pursuant to the filing of application for registration of trademark, did not reveal any pending or registered trademark under the name applied for. Since the application was free from any objection, the trademark Registry vide a fresh examination

report dated 30th November 2002 passed an order for publication of the mark in the Trademark Journal. Defendants have also placed on record the examination report. Defendants have further contended that no reasonable person would not associate the Defendant's mark with "ZENTEL" and that Plaintiffs have not produced any evidence by way of testimony of either doctors or chemist or consumers to show that Defendants have made any misrepresentation or that they are selling their products as that of the Plaintiff's. Plaintiff's products are sold at Rs. 18.25/- per suspension while the product of the Defendants are sold at Rs. 10/- per tablet and there is no possibility of any deception to the consumer as ZENTEL is a suspension and Plaintiff is sold in the form of a tablet.

29. In addition to the findings given by the Court while dealing with the issue Nos. 1 and 2 and in particular, the issue relating to passing off [Issue No. 2], it is also essential to note that Defendant No. 1 in his cross examination dated 25th September 2017 has not been able to show any bona fide for adopting the trademark FENTEL. Defendant applied for the trademark registration on 11th July 2001 claiming use since 1st April 1998. However no evidence has been shown to justify this claim. Defendant's trademark was opposed and on account of Defendant's failure to file their response to the opposition, it was abandoned by an order of trademark Registry dated 17th September 2015 [Ex. DW-1/D-2] and [Ex. DW-1/DW-3]. Defendants made a wrong statement in its note of argument that the application is pending. Defendants have also averred in the written statement, evidence by way of affidavit and note of arguments that they conducted clinical trials prior to launch of products. However, during the

cross examination on 25th September 2017, the claim was retracted, as is evident from the following responses given by the Defendants during the course of cross examination:

"Q. Have you filed any evidence in this matter of having conducted clinical trials in respect of the product FENTEL?

A. I do not remember. I have to check up the file.

Witness is shown para no. 6 of the affidavit to refresh his memory and thereafter he is asked.

Q. Please summarise the process followed and steps involved in the clinical trial?

A. I do not know.

Q. Which authority did you submit the results of your clinical trial to?

A. I do not remember."

30. Further, since the Defendants are found to be infringing and guilty of passing off, they cannot be permitted to take advantage of the steps undertaken in furtherance of its trademark [Ref: *Apple Computer Inc.v. Apple Leasing and Industries* PTC (Supp.)(2)(45)(Del), *Satyam Infoway Ltd. v Sifynet Solution* AIR 2004 SC 3540)]. Therefore, it cannot be said that the Defendants are the proprietor and inventor of trademark FENTEL and have been using the same honestly. Accordingly, the issue No. 5 is decided in favour of the Plaintiffs and against the Defendants.

Issue No. 3 and 6

31. In view of the findings given in issue Nos. 1, 2 and 5, the Plaintiffs are entitled to the injunction as prayed for. Since the goods have been seized by the Local Commissioner, Plaintiff is also entitled to a decree of delivery up. Accordingly, the issue No. 3 is decided in favour of the Plaintiff and against

the Defendant.

32. With respect to the claim of rendition of accounts and damages, the Plaintiffs have relied upon the report of Local Commissioner to claim compensatory damages of Rs. 13,56,000/- It is contended that the Local Commissioner recorded a seizure of 1130 products in July 2003 and it can be assumed that the said stock was for 15 days. On this premise and keeping in view that the Defendants have been in market since 1998 i.e. for approximately five years till the grant of injunction in favour of the plaintiff, it can be estimated that the total stock of products manufactured was $5 \times 2 \times 12 \times 1330 = 135600$. Plaintiff asserts that as per Defendant's product list [Ex. P-3] each strip was priced at Rs. 100/- and therefore the minimum sales made by the Defendants is Rs. 1356000/-. Plaintiffs also support their claim of damages by relying upon Defendant's affidavit by way of evidence, where in para 9 Defendant itself claims sales of several lakhs.

33. The aforesaid stand of the Plaintiff is not convincing for several reasons. It has been already held that the Defendants have not been able to prove that they were in the market since 1998. Plaintiffs also in fact contest and deny the said claim. The foundation of the estimation is thus erroneous. Moreover, the calculation of damages noted above is purely on assumption that the goods seized by the Local Commissioner was a stock for 15 days without any proof. Moreover, the calculation of Rs. 13,56,000/- is also premised on the MRP of each strip as Rs. 100/-, which is the total selling price and not the profit margin. The Plaintiff has relied upon several judgments to contend that damages can be awarded on the basis of sales

calculated from the seizure of stocks during the execution of the Local Commission. It has been further contended that the financial loss can be based on assumptive sale of products and such a proposition has been accepted by the Court. There is no quarrel on the proposition advanced by the Plaintiffs, however the estimation here is fanciful and unconvincing. There is no basis to award damages solely on the assumptive sale of products.

34. Defendants' assertion in the affidavit regarding the sales of several lacs, is also without substantiation and cannot be relied upon in absence of positive evidence to prove the damages. The entire claim is based on conjecture and surmises, and there is no independent evidence led by the Plaintiff for the Court to conclude that the Plaintiff is entitled to damages as claimed. Accordingly, in absence of any material before the Court to estimate the damages, the Court is not in a position to award damages as claimed by the Plaintiffs. However, having regard to the fact that the Defendants have been found guilty of infringement, Court can grant notional damages as held in *Indian Performing Right Society vs Debashis Patnaik And Ors.* 2007 (34) PTC 201 Del. Accordingly, it is considered appropriate to award damages to the tune of Rs. 3 lacs in favour of the Plaintiff and against the Defendant and accordingly, Issue No. 6 is decided in the above terms.

35. Plaintiff claims that they became aware of the Defendant's product in March 2003 and thereafter an injunction order was passed in their favour in July 2003. There is hardly any time gap between the date of knowledge and

the grant of injunction and therefore no rendition of accounts of the profits is required to be passed in the present case, more so since notional damages are being granted in favour of the Plaintiffs, it adequately covers the issue.

Relief

36. For the foregoing reasons, it is ordered as under:

(a) a decree of permanent injunction passed in favour of the Plaintiff and against the Defendant whereby Defendants, their Directors, Officers, servants, agents and representatives are restrained from manufacturing, selling or offering for sale pharmaceutical preparations under the trade name FENTEL or any other mark which may be deceptively similar to Plaintiff's trademark ZENTEL and from doing any other such thing so as to cause confusion or deception amounting to passing off of the goods and business of the Defendants as and for those of the Plaintiffs.

(b) An order to delivery up is passed in favour of the Plaintiffs directing the Defendants to handover the goods seized by the Local Commissioner which are lying in superdari with the Defendants.

(c) A decree of damages is passed in favour of the Plaintiffs and against the Defendants for a sum of Rs. 3 lacs.

(d) Plaintiff is also entitled to actual costs of the present suit.

37. Decree sheet be drawn up.

SANJEEV NARULA, J.

OCTOBER 1, 2019

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