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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **Date of Decision: 04.10.2021**
% **FAO (COMM) 144/2021 and C.M. Nos.55627/2019 & 55628/2019**

VIKAS GUPTA & ANR Appellants
Through: Mr. Sachin Gupta, Ms. Jasleen Kaur,
Mr. Pratyush Rao & Ms. Snehal
Singh, Advocates.
versus
M/S SAHNI COSMETICS Respondent
Through: Mr. M.K. Miglani & Mr. Anubhav
Chhabra, Advocates.

CORAM:
HON'BLE MR. JUSTICE VIPIN SANGHI
HON'BLE MR. JUSTICE JASMEET SINGH

VIPIN SANGHI, J. (ORAL)

1. The present appeal is directed against the order dated 01.11.2019 passed by the learned ADJ-01, Central Delhi District, Tis Hazari Courts, Delhi in C.S. No.1833/2019 (Old No. T.M. No.135/2019).
2. By the impugned order, the learned Judge has dismissed the plaintiffs'/ appellants' application under Order XXXIX Rules 1 & 2 CPC and allowed the respondent's/ defendant's application under Order XXXIX Rule 4 CPC, vacating the injunction granted in favour of the appellant/ plaintiff against the use of the mark "NEHA" in respect of Face Cream/ Cold Cream. The findings returned by the learned Judge in the impugned order reads as follows:

" From the arguments of both the parties and the documents placed on record, it is reflected and not disputed by the plaintiff that plaintiff is not having any license under Drugs

and Cosmetics Act to manufacture any cream under brand name HEENA. On the other hand, defendant is having a license under Drugs and Cosmetics Act, 1940 since 1990. Plaintiff has not filed any document contrary to the fact alleged by the defendant.

As per trademark Act and its saving clause as well as perusal of Section 18 of Drugs and Cosmetics Act, it is reflected that I am of the considered opinion that if any drug or cosmetic require the mandatory license to manufacture and it is not obtained in due course of time, then, the mandatory requirement of the law are not followed. The person who himself is not violating the law in my considered opinion, is not entitled for any discretionary relief.

In these circumstances, balance of convenience cannot be said to be tilted in favour of the plaintiff. It is needless to say that apart from the 3 ingredients i.e. Prime facie case, Balance of convenience & Irreparable loss, there are other factors of common law jurisprudence which are also required to be seen i.e. Just, equity and good conscience. The violator himself cannot claim the, benefit of any legislature in his favour and cannot be said to have good conscience if such non- compliance are mandatory as per law.

The judgment Glaxo India Ltd (Supra) relied upon by the defendant endorse the view as mentioned above, Ld counsel for plaintiff has filed the judgments of higher bench in similar cases which has been set aside, however, the order of higher bench is a consent order. Moreso, the mandatory provision of Section 18 of Drugs and Cosmetics Act cannot be overlooked.

Above all, defendant has shown that he is having licence since 1990 and have been using and manufacturing cream under the same brand name. Defendant has further alleged

that plaintiff is well aware that defendant is into the market since long and has been manufacturing cream. It is also reflected that plaintiff has not started manufacturing cream though he is having certificate in his favour. Therefore, claims of defendant that he is into market since 1990, cannot be overlooked.

In these circumstances, I am of the considered opinion that Section 34 of the Act comes into picture and right of prior use has to prevail which prime facie appear in favour of defendant.”

3. The submission of learned counsel for the appellants is that the learned ADJ has gravely erred in being swayed by the consideration that the plaintiffs/ appellants did not have registration under Section 18 of the Drugs & Cosmetics Act in respect of the product, i.e. Henna manufactured and sold by the plaintiff under the brand name “NEHA”. Learned counsel submits that the plaintiff was non-suited on account of it not having obtained license which – according to learned counsel for the appellant, was not at all required. He submits that the Trial Court has relied upon the judgment which has been set aside by the High Court, though by consent. Once a judgment is set aside – by whichever mode, the same could not have been relied upon. He submits that the Calcutta High Court in **Allergen Inc. Vs. Chetana Pharmaceuticals**, 2007 (34) PTC 267, held in paragraph 11, *inter alia*, as follows:

“11. From the fact I find the plaintiff is a senior user as the defendant has started using the mark in the medicinal product in 1988 though obtained drug licence in 1985, but mere obtaining

of drug licence is not the positive indication as user of mark of the product without any further evidence. Actual use of the mark with sale or before sale with advertisement and publicity is the basis in passing off action. Passing off action in relation to the medicinal product is viewed by the Court differently from that a case of ordinary merchandise. Medicinal product caring the lives of living being including human should not be allowed to be marketed with such mark that will give rise confusion as to identity of the goods in the mind of ordinary people. Unlike many a commodities, all the members of the public are prospective user, and in certain cases actual user of the medicine on inappropriate application thereof invites life risk. It is not uncommon at all in our country that a pharmacist in a medical shop across the counter is likely to commit mistake with confused mark by supplying wrong medicine as more often than not medicine is sold without prescription of the doctor or with illegibly written prescription. Here we are dealing with two medicinal products used for two vital organs of human being. Two medicinal products may be meant for two separate organs, but in my considered view it is dangerous to keep the same and identical mark for different products for different purposes. If for example, a doctor prescribes medicine bearing same name for eye problem, at the sales counter the pharmacist having been confused with the mark is likely to supply defendants product meant for nose problem. Ordinarily common people never verifies medicine with the prescription or for that matter it is very difficult for the patient party to verify whether medicine is supplied as prescribed by the doctors. So ordinary customers always depend upon the correctly reading ability of pharmacist. Thus one can imagine what would happen for use of nazal drop to cure eye problem. It would not be an imagination that one may lose eye sight altogether. In the aforesaid visualization of the fact if the Court remains unmoved it would be great disservice to the society, on the face of use of the two similar marks by two manufacturers. I think it is the social

duty of the Court as well, to stop this, so I do not find any reason to vacate interim order rather it must be confirmed so it is hereby done. Thus the application is allowed.” (emphasis supplied)

4. Learned counsel has also relied upon a judgment of the Bombay High Court in 2016 SCC OnLine Bom 10818 titled ***Chutararam Vs. State of Maharashtra***, wherein in paragraph 12, the High Court held as follows:

“12. Thus, the conjoint reading of Section 138, 139, 142 and Schedule M-II, it is clear that, no licence is required to manufacture Mehendi Cone or Mehendi Powder for sell or for distribution. The Jt. Commissioner, Head Quarters and Controlling Authority, has, thus issued the Circular to that effect in the year 2010 which still holds the field, wherein, it is stated unequivocally that no manufacturing licence is required for the manufacturing of Mehendi Products under the Provisions of Act of 1940. It is not the case that prior to issuance of the said circular, there were different provisions in the Act of 1940 and Rule of 1945 and in view of the certain amendments subsequently in the year 2010, the Jt. Commissioner constrained to issue the said circular dated 16.8.2010.” (emphasis supplied)

5. Learned counsel further submits that the plaintiff holds the registration since 2003 for the mark “NEHA” in respect of *Mehndi* Powder which falls in Class-3. As opposed to that, the defendant’s applications for registration of the same mark were either refused, withdrawn, or abandoned right from 2006 up to 2015. He further submits that the use of the mark claimed by the plaintiff itself dates back to the year 1992. Though the

defendant claimed user since 1990, he did not place on record any document in support of that claim, and the earliest invoice placed on record by the defendant – to claim use of the mark “NEHA” in respect of the Cream, appears to be of the year 2003.

6. Having heard learned counsel for the appellants and perused the impugned order, we are not inclined to interfere with the impugned order, except to direct maintenance and filing of accounts in respect of the business carried out by the defendant.

7. We may observe that this Court had already passed an order in that respect on 24.12.2019, which reads as follows:

“Issue notice. Notice is accepted by Mr.M.K.Miglani learned counsel for the respondent.

List for consideration on March, 2020.

Digital copy of the Trial Court record be requisitioned.

In the meantime, respondent shall maintain and place on record the accounts of the sales made by the respondent in respect of the trademark 'Neha'.”

8. The reason why we are not persuaded to interfere with the impugned order is that the defendant/ respondent has been able to, *prima facie*, establish user of the mark “NEHA” for a substantially long period of time prior to filing of the suit. The sale invoices filed by the defendant date back to the year 2003 – which was 15 years prior to the filing of the suit. The defendant has also claimed that the appellants/ plaintiffs were aware of the user of the mark “NEHA” by the defendant. This plea of the defendant has

been denied by the plaintiff. But needs to be tested, since both the parties appear to be dealing in products i.e. HEENA and Face Cream/ Cold Cream, the trade channels of which are the same.

9. We may observe that though there may be merit in the submission of learned counsel for the appellants that the violation of Section 18 of the Drugs & Cosmetics Act, may not be relevant, or that registration was not even required in respect of Henna, we are not inclined to interfere with the final order passed by the Trial Court – dismissing the plaintiff's application for injunction, and allowing the respondent/ defendant's application under Order XXXIX Rule 4 CPC, in view of the user of the mark "NEHA" by the defendant for a substantially long period of time prior to filing of the suit. The findings returned by the Trial Court, including on the aspect of violation of Section 18 of the Drugs & Cosmetics Act by the plaintiff are only, *prima-facie*, and not final.

10. With the above observations, we dispose of the present appeal while confirming the interim direction requiring the respondent/ defendant to maintain accounts and place the same before the Trial Court from time to time, in terms of our order dated 24.12.2019.

11. The appeal stands disposed of in the aforesaid terms.

VIPIN SANGHI, J.

JASMEET SINGH, J.

OCTOBER 04, 2021/B.S. Rohella