



\$~1

*

IN THE HIGH COURT OF DELHI AT NEW DELHI*Date of Decision: 1st December, 2023***+ CS(COMM) 180/2018, I.As. 10823/2006, 12232/2006, 12233/2006
& 1136/2007****HIND CHEMICALS LTD.**

..... Plaintiff

Through: Mr. Siddharth Dutta, Ms. Neha
Singh, & Mr. Vishesh Goel, Advs.
(M. 9810071722)

versus

MR. RAJESH CHAWLA & ORS.

..... Defendants

Through: Mr. Hemant Daswani, Ms. Saumya
Bajpai, Ms. Pranjal, Advs. (M.
9810556744)**CORAM:****JUSTICE PRATHIBA M. SINGH****JUDGMENT**

1. This hearing has been done through hybrid mode.
2. The present suit filed by the Plaintiff under Section 134 of the Trade Marks Act, 1999 relates to the Plaintiff's mark 'SU-MAG' and Defendants' mark 'GUDMAG' (hereinafter, '*impugned mark*') used in respect of pharmaceutical preparations in Class 5.
3. The Plaintiff-Hind Chemicals is the registered proprietor of the trade mark 'SU-MAG', and has been using the said mark for a cream-based composition marketed as 'SU-MAG' ointment since 1949. At the outset, itself, Mr. Daswani, Id. Counsel submits that Defendant Nos. 3&4-Lifestyle Pharma Pvt. Ltd. has now merged with Mankind Pharma Ltd. Accordingly, let the fresh memo of parties be filed by the Plaintiff within a period of one week.



4. It is averred that the Plaintiff's main product line includes an ointment meant for relief of boils and abrasions famously known as 'SU-MAG' which constitutes nearly 93% of its manufacturing business and overall sales in 2005-06. According to the Plaintiff, the said medicinal ointment 'SUMAG' is a recommended medicine and is available throughout India. Apart from the said product, the Plaintiff also manufactures 'MAG-MAG', 'CREMO-BAR', 'COFEX', 'GLYCERIN', 'SUPPOSITORY' as well as other ayurvedic products namely '*Livzon Syrup and Capsule*' and '*Imminex Syrup and Capsule*'.

5. Since 1950, as is claimed by the Plaintiff, the said product 'SU-MAG' has been packaged in a container featuring original artistic work, layout, a distinct get-up, and a peculiar schematic arrangement of various features such as circles, frames, text font and color, blocks, and a distinctive and unique color scheme of white, orange, and grey. Additionally, the mark 'SU-MAG' is prominently outlined on this packaging. The Plaintiff also holds a copyright for this unique and distinct packaging. The Plaintiff obtained trade mark registrations for the said product 21st August 1985, bearing registration no. 442035 in Class 5.

6. Defendant No. 1 and Defendant No. 2, Mr. Rajesh Chawla and Mr. Harish, respectively, are the partners of M/s. R.H. Laboratories located in Himachal Pradesh, engaged in the business of manufacturing allopathic and ayurvedic pharmaceutical preparations. Defendant No.4 is M/s. Lifestar Pharma Pvt. Ltd. located at Okhla Industrial Area, New Delhi-1100 020. Defendant No. 3-Rajesh Juneja is the Managing Director of Defendant No. 4.

7. The Plaintiff's allegation is that the Defendants, started using the



mark 'GUDMAG', for an identical composition, which not only imitated the Plaintiff's mark 'SU-MAG' container, but also reproduced the wrapper label, containing original artistic work, and a distinctive colour scheme of white, orange and grey colours.

8. Vide order dated 12th October, 2006, an *ex-parte* interim injunction was granted. The operative portion of the said order is as follows:

“Having heard counsel for the plaintiff and carefully perused the documentary evidence on record, I am of the view that the plaintiff has made out a prima facie case for grant of ex parte ad interim injunction in its favour. The balance of convenience is also in favour of the plaintiff. Irreparable injury is likely to be caused to the plaintiff in the event the defendants are allowed to encash upon the goodwill and reputation painstakingly built up by the plaintiff over a period of six decades. Delay occasioned by issuance of notice to the defendants is likely to defeat the purpose of grant of injunction.

In the circumstances, till further orders the defendants, their principal officers, partners, servants, representatives and agents or any of them are restrained from manufacturing, marketing, promoting, advertising, selling and offering for sale pharmaceutical and medicinal preparations under the trademark GUDMAG having identical and deceptively similar packaging and labels to those of the plaintiff”.

9. After the said injunction order, the Defendant Nos. 3&4 filed their written statement on 31st October 2006. The replication to the said written statement was filed on 31st January 2007. Vide order dated 18th April, 2009,

10. A perusal of the cross-examination of DW-1- Mr. Sanjeev Kumar Singh dated 16th January 2013 and the affidavits-in-evidence filed on behalf of Defendant No. 3&4 dated 16th July 2011 show that the Defendants' witness admitted that the Defendant stopped use of the mark 'GUDMAG'



subsequent to the order dated 12th October, 2006.

11. The trial in the suit concluded in 2013. It is the admitted position that no records in respect the sales of products of either of the parties have been placed on record.

12. Today, Mr. Daswani, Id. Counsel submits that he has instructions to the effect that the Defendants do not wish to use the mark 'GUDMAG' or the packaging/artistic wrapper underlying the mark 'GUDMAG'.

13. The Plaintiff led the evidence of Mr. Naresh Chandra Shukla as PW-1 and the Defendants led the evidence of DW-1 - Mr. Sanjeev Kumar Singh. A perusal of the evidence of PW-1 shows that the Plaintiff's witness has stated that he had received the sales of the Plaintiff from the accounts branch of the Plaintiff company, and the sale figures were not personally verified by him.

14. The DW-1 claimed that he did not find out as to who were the competitors in respect of 'GUDMAG' products which were launched. Further, the search conducted by them was only in respect of the trade mark only. It is also claimed that the DW-1 was not aware of the Plaintiff's product 'SU-MAG'. The statement of DW-1 in respect of preparation of the design of the product is interesting, and is set out below:

“xxx xxx xxx

It is incorrect to say that we have copied the packaging found at Ex. PW1/8. It is further incorrect to say that we have deliberately copied the packaging and labeling of the product 'SU-MAG' into our product 'GUD-MAG' for creating a deception in the minds of the public.

I do not know who has prepared the design of our product, (vols. that these things are got done by outside agencies). Presently I cannot say whether we can produce the records of having got it done through Pvt.



agencies. (Again says he would check and report further)."

15. The Defendants' witness DW-1, also did not state as to the composition of the Plaintiff's product, but was only aware of the Defendants' composition.

16. A perusal of the documents on record show that the present is a case where the Plaintiff's and the Defendants' packaging has an almost an identical colour combination. The said packagings, which are exhibited documents i.e. EX.PW-1/8 and EX.P-1, are extracted below:





17. After examining both the packaging, and the marks, the Court has no doubt that the Defendants have attempted to imitate the Plaintiff's well-known packaging, which has been an established product since 1967.

18. In the light of this, and in view of the Defendants' stand of not having any objection to a permanent injunction being granted, the present suit is decreed in terms of paragraphs 23(a), (b) and (c) of the prayer clause in the plaint.



19. Mr. Daswani, Id. Counsel submits that the Defendants had adopted the impugned product and mark sometime in January, 2006 and the injunction was passed in October, 2006. Therefore, it was only for a period of six to seven months that the Defendants had sold their products under the impugned mark and packaging. The suit itself is of 2006 and the trial has been concluded in 2013, and the suit has remained pending for more than 17 years.

20. Rule 20 of the Delhi High Court Intellectual Property Rights Division Rules, 2022 provide guidance on the manner in which the damages could be calculated in such cases. Rule 20 of the IPD Rules, 2022 is set out below:

“20. Damages/Account of profits *A party seeking damages/account of profits, shall give a reasonable estimate of the amounts claimed and the foundational facts/account statements in respect thereof along with any evidence, documentary and/or oral led by the parties to support such a claim. In addition, the Court shall consider the following factors while determining the quantum of damages:*

- (i) Lost profits suffered by the injured party;*
 - (ii) Profits earned by the infringing party;*
 - (iii) Quantum of income which the injured party may have earned through royalties/license fees, had the use of the subject IPR been duly authorized;*
 - (iv) The duration of the infringement;*
 - (v) Degree of intention/neglect underlying the infringement;*
 - (vi) Conduct of the infringing party to mitigate the damages being incurred by the injured party;*
- In the computation of damages, the Court may take the assistance of an expert as provided for under Rule 31 of these Rules.”*

21. Amongst the factors outlined above, the Court can consider the following two factors while granting damages:– (a) Profit earned by the



infringing party (b) Duration of income.

22. The Court may also make a reasonable assessment of damages, as the sales figures of both parties does not exist on the record. This Court has granted damages by taking a reasonable assessment of sale of products. In ***M/s Blue Heaven Cosmetics Pvt. Ltd. v. Shivani Cosmetics [CS(Comm) 702/2021, decision dated 18th May 2022]***, this Court observed as under:

“15. Insofar as the relief of damages and costs as sought in paragraph 37(iv) of the Plaint is concerned, the Defendant has manufactured and sold products which are counterfeits of the product of the Plaintiff. The copying and imitation of the Plaintiff’s mark, trade dress, get up, and colour scheme is absolutely deliberate on behalf of the Defendant. Moreover, the Defendant has also chosen to stay away from the proceedings, despite repeated service. A perusal of the letter which has been produced by ld. Counsel for the Plaintiff and extracted hereinabove also shows that the Defendant has agreed to stop manufacturing of the infringing products immediately.

16. In light of the foregoing facts and circumstances of the present case, this Court is convinced that this is not a case of innocent adoption, and the Court cannot encourage such dishonest conduct on behalf of the Defendant. Thus, taking a reasonable assessment of the products which may have been sold by the Defendant, the present suit is decreed for Rs.10 lakhs as damages. In addition, Rs.2 lakhs is awarded as costs.”

23. In ***Bata India Ltd v. DVS Shoes Factory [2023/DHC/001682]***, the Co-ordinate Bench held as under:

“As regards damages, the Court is of the opinion that present is not a case of innocent adoption, especially since Defendant chose not to put forth any defence and maintained silence, which can only be indicative of



their guilt. Relying on the judgement in Philip Morris Products S.A. & Anr v. Sameer & Ors.2 and after making a reasonable assessment of damages on the basis of the volume of seizure made, as well as the nature of infringing activities, nominal damages to the tune of Rs. 2,00,000/- are awarded in favour of the Plaintiff and against the Defendant.”

24. In **Sandisk LLC v. Amit & Ors (2023:DHC:2187)**, **Google LLC v. Google Enterprises Pvt. Ltd. (2023:DHC:2294)**, **M/s General Electric Company v. Mr. Altamas Khan (2008 SCC OnLine Del 1794)** and **Microsoft Corporation v. Yogesh Papat (2005 SCC OnLine Del 216)**, Co-ordinate Benches of this Court have granted damages based on reasonable assessment of sales.

25. Considering these facts, the present suit is decreed for a sum of Rs.3 lakhs as damages.

26. In addition, the Plaintiff is also entitled to costs in the matter. Though actual costs can be awarded, considering that the Defendant has used the impugned product name and packaging for a few months only, costs of Rs.2 lakhs are awarded.

27. The sum of Rs.5 lakhs is directed to be paid to the Plaintiff within a period of three months, failing which, the Plaintiff is free to execute the present decree. Upon the expiry of three months, interest on the sum of Rs.5 lakhs, at the rate of 8% per annum would be liable to be paid, if the Plaintiff is forced to take execution proceedings.

28. The Defendant No.1-Mr. Rajesh Chawla and Defendant No. 2-Mr. Harish are the manufacturers on behalf of Defendant No.3-Rajesh Juneja and Defendant No.4-Lifestar Pharma Pvt. Ltd. The said company has now merged with Mankind Pharma Limited. Accordingly, the decree passed for



2023:DHC:8668



damages/costs is against Defendant No.4 i.e. Mankind Pharma Ltd. Decree sheet be drawn accordingly.

29. The suit is decreed in the above terms. The present suit, along with all pending applications, is disposed of in the above terms.

PRATHIBA M. SINGH
JUDGE

DECEMBER 01, 2023

Rahul/dn