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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **CS(COMM) 398/2018**
TIMES DRUGS AND PHARMACEUTICALS(P) LTD..... Plaintiff

Through: Mr. Mohan Vidhani, Ms. Elisha Sinha, Ms. Mokshita Gautam and Mr. Saurabh Kumar, Advocates.

versus

GALPHA LABORATORIES LTD Defendant

Through: Mr. Binay Kumar, Advocate with Mr. Aaditya, Advocate.

CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

ORDER
06.03.2024

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1. Plaintiff is the registered proprietor of the trademark “DPS” in class 05, utilised for medicinal and pharmaceutical preparations, with claimed user from 01st October, 2005.¹ This mark is derived from the first letters of the product’s constituent elements – Diclofenac, Paracetamol, and Serratiopeptidase. This unique nomenclature serves as a distinctive identifier, distinguishing the Plaintiff’s products from others in the same category.

2. The Plaintiff’s case, as set out in the plaint, is as follows: The trademark “DPS” enjoys formidable goodwill and reputation in the market, and is exclusively associated with the Plaintiff, who has spent huge sums in



developing and marketing the product. In the first week of April 2007, Plaintiff came across a pharmaceutical preparation being manufactured and sold by the Defendant under an identical trade mark “DPS”. Immediately thereafter, Plaintiff issued a cease-and-desist notice to the Defendant on 07th April, 2007 [Ex. PW1/26]. This notice was responded to by the Defendant on 18th April, 2007, seeking certain information regarding Plaintiff’s commercial activities and trademark registrations [Ex. PW1/27], to which, Plaintiff replied on 23rd April, 2007 [Ex. PW1/28]. As the Defendant failed to abide by the Plaintiff’s demands, a reminder notice was sent to them on 02nd June, 2007, requiring the Defendant to cease the impugned operations within ten days from the date of notice, failing which, Plaintiff would initiate appropriate legal proceedings [Ex. PW1/29]. On 19th June, 2007, the Defendant agreed to discontinue their use of the mark “DPS” and requested for permission to exhaust the existing stock of impugned goods by 30th September, 2007, as conveyed in the following excerpt:²

“However, with a view to maintain cordial relation with your clients, we have now been instructed by our clients to inform your clients through you that they have voluntarily agreed to discontinue use of their mark DPS. As our clients are holding stocks of the goods bearing the said mark, our clients will not sell the said goods after 30.09.2007 and till such date exhaust the stock. In view of the above, your clients may accordingly treat the matter as closed.”

3. Subsequently, in August 2008, the Plaintiff became aware of the Defendant’s ongoing manufacture of the infringing products under the identical mark, thus breaching their earlier commitment. In light of this breach, the Plaintiff initiated the present legal action.

¹ Under No. 1144299.

² Ex. PW1/30.



4. On 03rd September, 2008, while issuing summons, finding a *prima facie* case in the Plaintiff's favour, this Court directed as follows:

"Accordingly, till further orders, the defendant, its agents, representatives, servants and assigns are restrained from manufacturing, selling or distributing medicinal and pharmaceutical preparations under the trademark, 'DPS' or any other mark deceptively similar to that of the plaintiff's."

5. On 23rd April, 2010, the following issues were framed:

(1) Whether the plaintiff is the registered proprietor of the trademark DPS in class 5 of the pharmaceutical preparations, if so to what effect? OPP

(2) Whether the defendant has infringed the trademark DPS of the plaintiff, if so to what effect? OPP

(3) Whether the adoption and the alleged user of the trademark DPS by the defendant amounts to passing off goods by the defendant as that of the plaintiff, if so to what effect? OPP

(4) If answer to issue Nos.2 and 3 are in affirmative, whether the plaintiff is entitled to a decree of damages and/or rendition of accounts, if so for what amount? OPP

(5) Whether the plaintiff is entitled to a decree for permanent injunction as prayed for? OPP

(6) Relief.

6. The evidence in the suit stands concluded and the proceedings are now at the stage of final arguments. At this stage, counsel for Defendant submits that the Defendant has, in compliance with the restraint order dated 03rd September, 2008, ceased all activities under the impugned mark *w.e.f.* 05th December, 2008. In light of the above, Defendant's counsel, on instructions, states that they have no objection to the grant of relief of permanent injunction contained in paragraph 24 (a) and (b) of the plaint.

7. With that being the position, the short question for adjudication before this Court is regarding the Plaintiff's entitlement to the remaining prayers for damages and rendition of accounts. On this issue, Plaintiff contends that considering that the Defendant adopted an identical mark for identical goods



– pharmaceutical products, they must be burdened with exemplary damages. To substantiate the claim for damages, counsel for Plaintiff relies on Ex. PW1/D1, which comprises of a tabulation of batchwise transaction details of the goods produced by the Defendant under the impugned mark. This document, disclosed by DW-1 during cross-examination, serves as crucial evidence in the case. Counsel for Plaintiff underscores that according to this statement, between 19th May, 2008 to 14th August, 2008, the Defendant manufactured a total of 6,19,050 tablets. Based on the assumption of manufacturing capacity and sales volume indicated by the Defendant during the specified period in Ex. PW1/D1, and considering the Maximum Retail Price [“MRP”] of the tablets as Rs. 60.46/- for 10 tablets (as evidenced by Ex. PW1/23 and PW1/25), it is contended that the Defendant would have generated a revenue of Rs. 12,47,592.10/- over the course of three months (equivalent to Rs. 4,15,864.03 per month). Extrapolating this calculation to estimate sales from June 2007, when the Defendant purportedly undertook to cease production of the impugned goods, the Plaintiff arrives at a figure of Rs. 62,37,960.45/- for a span of 15 months (June 2007 to August 2008). Accordingly, the Plaintiff argues that if the Defendant had sold the goods at 50% of the MRP, with a profit margin of 50% on the sale price, they would have realized a minimum profit of 25% on the MRP. This translates to a profit of Rs. 15,59,490.11/- over the 15-month period.

8. In addition to the above amount, the Plaintiff also seeks award of punitive damages in view of the blatant infringement and persistent manufacturing of infringing pharmaceutical products, contrary to assurances given on 19th June, 2007. In this regard, reference is made to the judgment dated 28th August, 2018 of the High Court of Bombay in *Glenmark*



Pharmaceuticals Ltd v. Curetech Skincare and Ors.,³ wherein the Defendant was also a party. It is argued that High Court of Bombay has categorised the Defendant to be a flagrant infringer. Drawing from this precedent, the Plaintiff contends that aggravated damages are warranted in the present case as well.

9. *Per contra*, counsel for Defendant argues that their adoption of an identical mark is innocent, and the mark has been derived from the first letters of the ingredients. At the time of commencing business operations, the Defendant was not aware of the Plaintiff's registration and use of the mark "DPS". Upon receipt of legal notice from the Plaintiff, the Defendant decided to cease all such operations. However, as Defendant possessed a huge stock of finished goods and raw material, they could not adhere to the timeline set to exhaust all inventory (30th September, 2007). However, counsel for Defendant emphasizes that the Defendant voluntarily offered to cease use of the impugned mark and the same has now been discontinued, and therefore, the Court should take a lenient view in the matter. He also refers to order dated 23rd October, 2009, wherein, on Plaintiff's application alleging contempt of the ad-interim injunction order [I.A. 6311/2009], the Court had observed as under:

"A perusal of application shows that it is not the case of plaintiff that he appointed any person or any investigator who had gone to the premises of defendant and found that the goods were being manufactured by defendant despite the injunction order. The case of plaintiff is that the goods are still being sold by Chemists and distributors manufactured by defendant. It is not a case that the goods available with the distributor were purchased by them from defendant. There was no order passed by this Court for destruction of already manufactured goods nor there was an injunction issued that the supplies already made to distributors shall

³ In Notice of Motion (L) No. 1890/2018.



be withheld and shall not be sold by them.

Under these circumstances, I consider that merely because some goods are available with the distributor, a contempt would not lie. The application is hereby dismissed.”

Analysis and findings

10. The Court has considered the afore-noted contentions. The Defendant does not contest the Plaintiff’s proprietary rights in the mark “DPS”. Instead, they have raised a defence of honesty in adoption of the impugned mark. To establish their registration rights, the Plaintiff has filed their legal proceedings certificate as well as the trademark registration certificate issued on 18th April, 2005 [Ex. PW1/6], which are not disputed. Therefore, issue No. 1 is answered in favour of the Plaintiff, holding them to be the registered proprietors of the mark “DPS” in class 05 for pharmaceutical preparations.

11. As regards issues No. 2 and 3, there is an undeniable identity between the rival marks, which are used for identical goods – pharmaceutical preparations, thus amplifying the likelihood of confusion among target consumers. Therefore, the present is a clear case of trademark infringement. Through the invoices, sales figures and promotional material presented on record, the Plaintiff has been able to demonstrate prior use. The Court finds no merit in the Defendant’s claim of ignorance regarding the Plaintiff’s rights in the mark “DPS”. The Plaintiff’s registration predates the Defendant’s use of the impugned mark. A prudent user of a mark is expected to conduct thorough searches of the Trademarks Registry prior to adoption. Had the Defendant undertaken such due diligence, they would have undoubtedly discovered the Plaintiff’s pre-existing registration. Therefore, the Defendant’s subsequent adoption of an identical mark to the



Plaintiff's registered trademark strongly suggests an intent to capitalize on the Plaintiff's established goodwill and reputation in the market. This deliberate action by the Defendant not only misleads the public, but also falsely associates their products with the Plaintiff's, constituting an act of passing off of Plaintiff's trademark "DPS". Moreover, the Defendant has also assented to suffer a decree of permanent injunction as sought in paragraph No. 24 (a) and (b) of the plaint. Accordingly, the Court decides issues No. 2, 3 and 5 in the Plaintiff's favour and against the Defendant.

12. Apropos issue No. 4 pertaining to Plaintiff's entitlement to damages and rendition of accounts, the Court finds the adoption of impugned mark by the Defendant as a clear case of rank infringement. This, coupled with the fact that Defendant failed to fulfil their undertaking to cease the use of the impugned mark by 30th September, 2007, in the opinion of the Court, entitles the Plaintiff to the award of damages. The Defendant's counsel argues that Plaintiff's acceptance of Defendant's proposal to exhaust the pending stock, precludes award of damages. However, this argument is of no avail to the Defendant in view of the batchwise details of goods manufactured by the Defendant [Ex. PW1/D1], which reveals that Defendant was producing fresh stock of impugned products even after 19th May, 2008, well beyond the agreed date of discontinuation, indicating a deliberate attempt to prolong the infringement. This clear breach of trust and persistent infringement negates the validity of Defendant's argument and strengthens the Plaintiff's case for damages.

13. On the aspect of quantum of damages, the Court finds merit in the Plaintiff's reliance on Ex. PW1/D1, which is a document produced by the Defendant themselves. Therefore, the figures contained therein are deemed



as a reliable estimate of the Defendant's earnings from the sale of the infringing product. However, the profit margin assumed by the Plaintiff of 25% is deemed excessive. Taking a reasonable assessment of profits, the Court would compute the profit margin as 10% on the value of the goods sold for a period of 15 months. On that basis, issue No. 4 is also answered in Plaintiff's favour.

14. In view of the proven infringement, it is evident that the Plaintiff has incurred significant expenses and resources in pursuing this legal action to safeguard their trademark rights. Thus, the Court finds merit in the Plaintiff prayer for award of litigation cost.

Directions

15. The suit is decreed in favour of the Plaintiff and against the Defendant in terms of paragraph No. 24(a) and (b) of the plaint.

16. An amount of Rs. 6,23,796.04/- is awarded as damages to the Plaintiff, which shall be recoverable from the Defendant.

17. Plaintiff is awarded an amount of Rs. 4,50,000/- as litigation cost, which includes court fee of Rs. 2,00,000/- and the legal fee of Rs. 2,50,000/.

18. The suit is decreed in the above terms. Decree sheet be drawn up.

19. Disposed of.

SANJEEV NARULA, J

MARCH 6, 2024

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