

(2014) 09 DEL CK 0147

Delhi High Court

Case No: FAO(OS) 281/2014

Raj Kumar Prasad

APPELLANT

Vs

Abbott Healthcare Pvt. Ltd.

RESPONDENT

Date of Decision: Sept. 10, 2014

Hon'ble Judges: Pradeep Nandrajog, J; Mukta Gupta, J

Bench: Division Bench

Advocate: Mohan Vidhani, Rahul Vidhani and S.B. Prasad, Advocate for the Appellant;
Sanjeev Sindhwani, Sr. Advocate instructed by Manav Kumar, Advocate for the
Respondent

Judgement

Pradeep Nandrajog, J.

The question : Whether the registered proprietor of a trademark can sue another registered proprietor of a trademark alleging deceptive similarity keeps on arising in this Court. The consistent view taken by learned Single Judges is that such a suit would be maintainable and thus by way of an interim injunction the defendant can be restrained from marketing goods under the offending trademark. The question has arisen once again in the suit filed by Abbott Healthcare Pvt. Ltd. and the antagonists are Raj Kumar Prasad and Alicon Pharmaceuticals Pvt. Ltd.

2. Abbott is a wholly owned subsidiary of Abbott Laboratories Chicago and manufactures pharmaceutical products, including medicines. As per Abbott, Khandelwal Laboratories Pvt. Ltd. had been manufacturing and selling Camylofin Dihydrochloride formulation under the trademark "ANAFORTAN" since the year 1988 and had obtained registration of said word as its trademark from the Registrar of Trademarks vide serial No. 501608 in Class 5 in respect of medicinal and pharmaceutical veterinary preparations. On April 15, 2008, Khandelwal signed an agreement with Nicholas Piramal India Ltd. for brand transfer and know how transfer called "Brand Transfer And Know How License Agreement". Under the agreement the trademark "ANAFORTAN" was assigned to Nicholas. On May 13, 2008 name of Nicholas was changed to Piramal Healthcare Ltd. and thereafter to Piramal

Enterprises Ltd. On September 08, 2010 Piramal assigned the trademark "ANAFORTAN" to Abbott.

3. It is the case of Abbott that the predecessor-in-interest of the registered trademark "ANAFORTAN" used the same extensively and widely for the medicines manufactured and sold in the market and since September, 2010 Abbott had been doing so. Thus, Abbott had established a good will and reputation in the mark "ANAFORTAN". As per Abbott it had sold pharmaceutical products under said trademark in sum of Rs.7.84 crores between September to December, 2010 and 23.047 crores between January and December, 2011. The grievance was that Raj Kumar Prasad, carrying on business as a sole proprietor of Birani Pharmaceuticals, was selling pharmaceutical products containing Camylofin Dihydrochloride under the brand name "AMAFORTEN". Concerning the second defendant Alicon Pharmaceuticals Pvt. Ltd. the grievance was that it was manufacturing the medicinal preparations for Raj Kumar Prasad, to be sold under the mark "AMAFORTEN". It is the case of Abbott that Raj Kumar Prasad surreptitiously obtained, vide registration No. 1830060 under class 5, the registration of the mark "AMAFORTEN" for which Abbott intends to file rectification proceedings.

4. Another grievance concerning the trade dress was also made. Pleading that Abbott was selling its products in strips having golden colour which was slavishly imitated by Raj Kumar Prasad by adopting similar golden colour for tablets sold in strips.

5. Prayer made was to injunct the two defendants from selling pharmaceuticals preparations under the trademark "AMAFORTEN" or any other mark deceptively similar to the mark "ANAFORTAN". Further injunction prayed for was to restrain the defendants from selling its product in packaging which was similar to that of Alicon.

6. In the written statement filed the territorial jurisdiction of this Court was denied pleading that the defendants do not sell their products in Delhi. The various assignment deeds referred to in the plaint were attacked on the ground that proper stamp duty was not paid thereon. Relying upon Section 28 of the Trademarks Act, 1999, the relief prayed for by Abbott was opposed by pleading that where two or more persons are the registered proprietors of trademarks which are identical with or nearly resemble each other, each would have a right against third parties but none against each other.

7. The issue concerning grant of interim injunction pending determination of the suit was debated around three points. Whether prima facie Courts at Delhi lacked territorial jurisdiction. Secondly on the assignment agreements being drawn on stamp papers of adequate stamp value and lastly on the effect of Raj Kumar Bansal having obtained registration of the trademark "AMAFORTEN" for pharmaceutical products having similar formation as that of Abbott.

8. The learned Single Judge has held on the subject of territorial jurisdiction that the question is one of fact requiring evidence of Abbott selling its products in Delhi and sales by the defendants in Delhi. The learned Single Judge held that Abbott had a branch office for sales in Delhi and thus *prima facie* Courts at Delhi would have territorial jurisdiction, a finding with which we agree for the purposes of a *prima facie* view, pending evidence to be led.

9. On the issue of deficiency in stamp duty paid on the deeds of assignment, the learned Single Judge has held that the defendants have not made good its plea as to in what manner the assignment deeds were drawn up on stamp papers of inadequate value, a view with which we agree.

10. The real debate was on the question which we have noted in paragraph 1 of our opinion.

11. The view taken by the learned Single Judge is based upon a reading of Section 124 of the Trademarks Act, 1999. The learned Single Judge has held that a registered proprietor of a trademark is entitled to sue a registered proprietor of a trademark if the latter is identical with or nearly resembles the other. Holding that the suit would be maintainable, the learned Single Judge has held that the trademark used by the defendants "AMAFORTEN" is *ex-facie* phonetically and visually deceptively similar to that of Abbott : "ANAFORTAN". The learned Single Judge has noted that through its predecessors Abbott had been using the trademark "ANAFORTAN" extensively since the year 1988 and thus has injunctioned the defendants from selling its product under the trademark "AMAFORTEN" or any other mark deceptively similar to that of Abbott.

12. The learned Single Judge has not returned a finding with respect to the trade dress.

13. Section 28 of the Trademarks Act, 1999 reads as under:-

"28. Rights conferred by registration.--

(1) Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act.

(2) The exclusive right to the use of a trade mark given under sub-section (1) shall be subject to any conditions and limitations to which the registration is subject.

(3) Where two or more persons are registered proprietors of trade marks, which are identical with or nearly resemble each other, the exclusive right to the use of any of those trade marks shall not (except so far as their respective rights are subject to any conditions or limitations entered on the register) be deemed to have been

acquired by any one of those persons as against any other of those persons merely by registration of the trade marks but each of those persons has otherwise the same rights as against other persons not being registered users using by way of permitted use as he would have if he were the sole registered proprietor."

14. Section 124 of the Trademarks Act, 1999 reads as under:-

"124. Stay of proceedings where the validity of registration of the trade mark is questioned, etc.--

(1) Where in any suit for infringement of a trade mark--

(a) the defendant pleads that registration of the plaintiff's trade mark is invalid; or

(b) the defendant raises a defence under clause (e) of sub- section (2) of section 30 and the plaintiff pleads the invalidity of registration of the defendant's trade mark, the court trying the suit (hereinafter referred to as the court), shall,--

(i) if any proceedings for rectification of the register in relation to the plaintiff's or defendant's trade mark are pending before the Registrar or the Appellate Board, stay the suit pending the final disposal of such proceedings;

(ii) if no such proceedings are pending and the court is satisfied that the plea regarding the invalidity of the registration of the plaintiff's or defendant's trade mark is *prima facie* tenable, raise an issue regarding the same and adjourn the case for a period of three months from the date of the framing of the issue in order to enable the party concerned to apply to the Appellate Board for rectification of the register.

(2) If the party concerned proves to the court that he has made any such application as is referred to in clause (b) (ii) of sub-section (1) within the time specified therein or within such extended time as the court may for sufficient cause allow, the trial of the suit shall stand stayed until the final disposal of the rectification proceedings.

(3) If no such application as aforesaid has been made within the time so specified or within such extended time as the court may allow, the issue as to the validity of the registration of the trade mark concerned shall be deemed to have been abandoned and the court shall proceed with the suit in regard to the other issues in the case.

(4) The final order made in any rectification proceedings referred to in sub-section (1) or sub-section (2) shall be binding upon the parties and the court shall dispose of the suit conformably to such order in so far as it relates to the issue as to the validity of the registration of the trade mark.

(5) The stay of a suit for the infringement of a trade mark under this section shall not preclude the court from making any interlocutory order (including any order granting an injunction directing account to be kept, appointing a receiver or attaching any property), during the period of the stay of the suit."

15. It is no doubt true that a reading of sub-Section 1 of Section 28 of the Trademarks Act, 1999 would evidence a legal right vested in the registered proprietor of a trademark to exclusively use the same in relation to the goods or services in respect of which the trademark is registered and to obtain relief in respect of infringement of the trademark. It is also true that a mere reading of sub-Section 3 of Section 28 of the Trademarks Act, 1999 would evidence a mutually exclusive right in two or more registered proprietors of trademarks which are identical with or nearly resemble each other to use the trademarks; none being in a position to sue the other, and each being empowered to sue other persons.

16. But what does Section 124 of the Trademarks Act, 1999 say? And in what manner does it affect the rights conferred u/s 28?

17. The guiding star being the principle of law : every attempt has to be made, as long as the language of a statute permits, to give effect to every phrase and sentence used by the legislature, and if there emerges an apparent conflict, the duty of the Court would be to iron out the creases and interpret the provisions harmoniously so that the provisions are given effect to.

18. Sub-Section 1 of Section 124 of the Trademarks Act, 1999 would guide us that it contemplates a suit for infringement of a trademark on the allegation of invalidity of registration of the defendant's mark and even includes a case where a defendant pleads invalidity in the registration of the plaintiff's trademark. In such a situation the legislative intent clearly disclosed is, as per sub-Section 5 of Section 124, to stay the suit, to enable either party to take recourse to rectification proceedings before the Registrar of Trademarks, but after considering what interlocutory order needs to be passed. Sub-Section 5 reads : "The stay of a suit for the infringement of a trademark under this Section shall not preclude the Court for making any interlocutory order including any order granting an injunction direction account to be kept, appointing a receiver or attaching any property, during the period of the stay of the suit".

19. At the hearing of the appeal, learned counsel for Abbott told us that Abbott has since proceeded to seek rectification of the trademark "AMAFORTEN" obtained by Raj Kumar Prasad.

20. Ex-facie there is visual and phonetic deceptive similarity in the trademark "AMAFORTEN" in comparison with the trademark "ANAFORTAN". It has to be kept in mind that the competing goods are pharmaceutical preparations, the class of the goods is the same; the consumer is the same and the trade channel is the same. Concededly through its predecessors-in-interest Abbott has inherited the good will and reputation in its trademark "ANAFORTAN" and would be entitled to protect the same. Whereas through its predecessors-in-interest Abbott is in the market since the year 1988 defendant entered the market somewhere in the year 2012 when the suit was filed. We note that the defendant has consciously not disclosed in the

written statement the day it started selling the goods in the market. From the documents filed by the defendants we find that it applied to the Registrar of Trademarks for registration of the trademark "AMAFORTEN" on June 17, 2009 and was granted registration on July 12, 2011.

21. Tested on the legal principles laid down by the Supreme Court in the decision reported as Wander Ltd. and Another Vs. Antox India P. Ltd., we find no infirmity in the view taken by the learned Single Judge and thus would dismiss the appeal challenging the order dated April 25, 2014 allowing IA No. 23086/2012 filed by Abbott.

22. Costs shall be paid by the appellants to Abbott.