(2008) 07 MAD CK 0119

Madras High Court

Case No: O.A. No. 15 of 2008 and A. No''s. 2677 and 2678 of 2008 in C.S. No. 6 of 2008

UAS Pharmaceuticals Pty. Ltd. and Another		APPELLANT
	Vs	
Ajantha Pharma Ltd.		RESPONDENT

Date of Decision: July 8, 2008

Citation: (2009) 41 PTC 234

Hon'ble Judges: V. Ramasubramanian, J

Bench: Single Bench

Advocate: A.A. Mohan, for the Appellant; P.S. Raman, learned Sr. Counsel, for the Respondent

Final Decision: Dismissed

Judgement

V. Ramasubramanian, J.

O.A. No. 16 of 2008:

Original Application praying that this Hon''ble Court be pleased to grant an order of temporary Respondent by themselves, their directors, successors in business, assigns, servants, agents, distributors, stockists, representatives or any of them from in any manner passing off and enabling others to pass off the Respondent''s products as and for the applicants'' products by manufacturing, selling, advertising, distributing, or offering for sale dermatological products including sun screen cream bearing the trade mark SUNSTOP or any mark similar thereto or in any other manner whatsoever, pending disposal of the above suit.

A. No. 2677 of 2008:

Application praying that this Hon''ble Court be pleased to stay all further proceedings in O.A. No. 15 of 2008 in C.S. No. 6 to 2008 pending disposal of the suit C.S. (OS) No. 2420 of 2007 before the Delhi High Court.

A No. 2678 of 2008

Application praying that this Hon''ble Court be pleased to stay all further proceedings in C.S. No. 6 of 2008 pending disposal of the suit C.S. (O.S.) No. 2420 of the before the Delhi Court. The application coming on the day before this Court for hearing the Court made the following order:

1. Pending suit for a permanent injunction restraining the Respondent from in any manner passing off their dermatological products including a sun screen cream by name "SUNSTOP" as those of the Plaintiffs and for various other reliefs, the Plaintiffs have come up with an application in O.A. No. 15 of 2008, seeking an interim order of injunction of a similar nature.

2. On 5.1.2008, this Court ordered notice to the Respondent. After service of notice, the Respondent has come up with two applications in A. Nos. 2677 and 2678 of 2008, seeking an interim stay of further, proceedings in the application for injunction and in the suit respectively, u/s 10 Code of Civil Procedure, on the ground that the Respondent/Defendant had already instituted a suit in C.S. No. 2420 of 2007 on the file of the High Court of Delhi against the applicants herein for passing off in respect of the very same trade mark and product

3. Therefore, I have taken up all the 3 applications together and I heard Mr. A.A. Mohan, Learned Counsel for the Plaintiffs and Mr. P.S. Raman, learned Senior Counsel for the Defendant.

Stay Applications:

4. Insofar as the application for stay of further proceedings in the suit is concerned, there is no dispute about the fact that the suit filed by the Defendant on the file of the Delhi High Court C.S. No. 2420 of 2007, is earlier in point of time to the present suit. Since both the suits are between the same parties and the matter in issue in both the suits is also the same, the trial of the present suit cannot proceed further, in view of the clear mandate of Section 10 of the Code of Civil Procedure. Mr. A.A. Mohan, Learned Counsel for the Plaintiffs contended that the suit filed by the Defendant on the file of the Delhi High Court, is being opposed by his clients an the ground of lack of territorial jurisdiction. But the said objection doles not change the legal position, since the same has to be decided only by the Delhi High Court. Therefore, till the issue of jurisdiction is decided by the Delhi High Court, it should be presumed that it has jurisdiction. Consequently, the parameters prescribed u/s 10, Code of Civil Procedure, are satisfied and hence the application A. No. 2678 of2008 is allowed, staying further proceedings in the trial of the present suit C.S. No. 6 of 2008. It is left open to the parties to take out necessary application for lifting the stay, after the conclusion of the proceedings before the Delhi High Court.

5. Insofar as the other application A. No. 2677 of 2008 praying for interim stay of further proceedings in O.A. No. 15 of 2008 in concerned, it is seen that the bar u/s 10 of the Code is only to the Court proceeding with the trial of the suit and not with the hearing of any interlocutory applications. This is clear even from the plain

language of Section 10. It merely says "no Court shall proceed with the trial of any suit". The Section does not contemplate a freezing of the entire proceedings. The logic behind the same is simple. Pending suit, any of the parties to the litigation may die and a period of limitation is prescribed for bringing on record the legal representatives of such a party. Even such applications cannot be filed if Section 10 is understood to mean a paralysis of the entire proceedings. Moreover, the rejection of an application for interim relief in the former suit, would not necessarily result in the grant of an interim relief to the opposite party. That opposite party may have to seek an interim relief in his own suit, which may be the subsequent suit. If Section 10 is held as a bar, a Defendant succeeding in getting the interim application of the Plaintiff dismissed in the former suit, would be left with no remedy to seek an interim relief in his favour in the subsequent suit instituted by him.

6. As a matter of fact, the Supreme Court held in Indian Bank Vs. Maharashtra State Co-operative Marketing Federation Ltd., as follows:

Therefore, the word "trial" in Section 10 will have to be interpreted and construed keeping in mind the object and nature of that provision and the prohibition to "proceed with the trial of any suit in which the matter in issue is also directly and substantially in issue in a previously instituted suit". The object of the prohibition contained in Section 10 is to prevent the Courts of concurrent jurisdiction from simultaneously trying two parallel suits and also to avoid inconsistent findings on the matters in issue. The provision is in the nature of a rule of procedure and does not affect the jurisdiction of the Court to entertain and deal with the latter suit nor does it create any substantive right in the matters. It is not a bar to the institution of a suit. It has been construed by the Courts as not a bar to the passing of interlocutory orders such as an order for consolidation of the latter suit with the earlier suit, or appointment of a receiver or an injunction or attachment before judgment. The course of action which the Court has to follow according to Section 10 is not to proceed with the "trial" of the suit but that does not mean that it cannot deal with the subsequent suit any more or for any other purpose.

7. In view of the settled legal position, there cannot be a stay of the hearing of the application for injunction in the present suit. Therefore, the application A. No. 2677 of 2008 is dismissed.

Application for injunction:

8. The case of the Plaintiffs is that the first Plaintiff was floated in Australia for manufacturing and developing dermatological products in the year 2000 and that they introduced a product under the trade name "SUNSTOP" on 17.5.2001, for the protection of skin from sunlight and the UV rays. The first Plaintiff has obtained registration of the trade mark for non-medicinal preparations under Class 5 and medical and beauty care services under Class 42 in Australia, Philippines and Cambodia. However, the first Plaintiff has not obtained registration of the trade

mark in India. The Plaintiffs claim that they have established a world wide reputation for their product under the trade mark "SUNSTOP" and that their product is also available in India. The second Plaintiff appears to be the distributor of the product in India. It is the case of the Plaintiffs that in December 2007, they came across an identical product marketed by the Defendant with the same trade mark. Therefore the Plaintiffs have come up with the present suit.

9. The Respondent/Defendant has filed an affidavit in support of the application for stay, which is also intended to serve as a counter to the application for injunction. In their affidavit, the Respondent has taken a stand that it is a leading pharmaceutical company in India, manufacturing a wide range of anti-retrovirals, anti-malarials, Cardiovascular medicines and dermatological and ophthalmological preparations. The Respondent had a total sales turn over of Rs. 266.49 crores for the year 2006-2007. The Respondent claims to have established a modern Research and Development Centre in Mumbai in the year 1996, wherein a dedicated team of about 60 Research Scientists work towards developing new formulations. It is recognised by the Department of Scientific and Industrial Research, Government of India. The Respondent claims that their Research and Development Wing developed a new dermatological formulation (cream/lotion) in the year 2005 for preventing UVA and UVB rays of sun from affecting the skin and that at that time, they conceived, coined and adopted the name "SUNSTOP" for the said cream/lotion, after, conducting a search in the records of the Trade Marks Registry at Mumbai and after conducting a market survey. Thereafter, the Respondent applied for registration of the Trade Mark in Class 5, on 16.8.2005 in Application No. 1377560. The application for registration is pending with the Trade Marks Registry. The Respondent has also obtained a drug license on 9.11.2005 from the Drugs Controller at Aurangabad. According to the Respondent, they started marketing the product on a commercial scale in May 2007 and that they incurred a sales promotion and advertisement expenditure of Rs. 1,35,174 for the year 2007-2008 and achieved a sales turn over of Rs. 33.05 lakhs in the said year. It is the case of the Respondent that on 19.11.2007, they came to know about the proposed introduction of the product of the Plaintiffs in India and that immediately, they moved the Delhi High Court by way of a quia timet (preventive) action. It is the further contention of the Respondent that even in Australia, where the first Plaintiff has its origin, another company by name Turtle Wax Inc., USA, had obtained registration of the Trade Mark "SUNSTOP" in Class 3 as early as on 29.3.1994 and that another company by name Actifirm of Australia is also selling a cream by name "SUNSTOP SPF 30+". Moreover, the applicants have not, according to the Respondent, established transborder reputation of a great deal spilling into India, so as to be entitled to an order of injunction, especially in an action for passing off.

10. Alongwith the plaint, the Plaintiffs have filed the following documents:-

(i) The Drug Notification Form issued in Canada in 2001 as document No. 1

(ii) Trade Mark Registration Certificates issued in Australia, Cambodia and Philippines as document Nos. 2, 3 and 4.

(iii) Bills for sponsorship of programs in television in Foreign countries as document Nos. 5, 6 and 7.

(iv) Bill for printing posters, advertisements and for printing sales promotion materials and advertisements and magazines as document Nos. 8 to 16.

(v) Copy of advertisement launch in Cambodia as document No. 17.

(Vi) Photographs showing participation in Exhibitions in various countries and photographs showing the Plaintiffs'' products in Pharmacies in Manila, Cambodia and Colombo as document Nos. 18 and 19.

(vii) Invoices for the sale of the product, in Philippines, Singapore, Mauritius, Maldives, Cambodia, Sri Lanka, Bandar Seri Begawan and Thailand as document Nos. 20 to 24 series.

(viii) The list of Pharmacies/Doctors buying the product in Thailand, Philippines, Cambodia and Sri Lanka as document Nos. 25 to 28.

(ix) The list of Indian Doctors, who participated in a Conference in Sri Lanka as document No. 29.

(x) 3 Invoices from first Plaintiff to second Plaintiff dated 19.10.2007, 6.11.2007 and 10.11.2007 as document No. 30 series

(xi) The Bill of Lading or shipment from first Plaintiff to second Plaintiff dated 28.10.2007 as document No. 31.

(xii) Shipment value declaration for supply from first Plaintiff to second Plaintiff dated 5.11.2007 as document No. 32.

(xiii) Purchase order from Bangalore dated 7.11.2007 as document No. 33.

(xiv) Invoice by second Plaintiff upon the purchaser in Bangalore dated 5.12.2007 as document No. 34.

(xv) Sales promotion materials including pamphlets, brochures and booklets as document No. 35 series.

(xvi) Invoices showing sale of Defendant''s products in Chennai, dated 20.6.2007, 15.11.2007 and 16.11.2007 as document No. 36 series.

11. The Respondent has filed a set of documents, the details of which are as follows:

(i) Respondent''s application for Registration of Trade Mark in India dated 16.8.2005 as document No. 1.

(ii) Drug License of Defendant dated 9.11.2005 as document No. 2.

(iii) Pamphlets and brochures as document No. 3 series.

(iv) Invoices dated 12.5.2007, 10.11.2007 and 15.11.2007 as document Nos. 4 to 8.

(v) Statement of promotional expenditure on the product as document No. 9.

(vi) Statement of sales turnover for the financial year 2007-2008 as document No. 10.

(vii) The Trade Mark Registration held by another Australian Company as document No. 11.

(viii) Internet advertisements in Australia by third parties as document Nos. 12 and 13.

(ix) Copy of the plaint in C.S. No. 2470 of 2007 on the file of the Delhi High Court as document No. 14.

(x) Copy of the interim application in C.S. No. 2470 of 2007 on the file of the Delhi High Court as document No. 15.

12. The picture that emerges on a careful consideration of the pleadings and the documents, is as follows:

(a) that it is an action in passing off;

(b) that the product in question is the same viz., sun screen cream/lotion and the Trade Mark in dispute is also the same viz., "SUNSTOP";

(c) that though the first Plaintiff claims to have entered the market in other countries during the period from 2000 to 2006, the first Plaintiff admittedly entered the market in India through the second Plaintiff, only in November 2007 (as seen from plaint document Nos. 30 to 34);

(d) that the Defendants product hit the shelves of pharmacies in India at least in June 2007, 5 months before the entry of the Plaintiffs'' product into India (as sera from plaint document No. 36 series);

(e) that the Defendant had applied for the Registration of the Trade Mark "SUNSTOF in India as early as in August 2005 (as seen from Defendant''s document No. 1) and that die Defendant had also obtained drug license from the Joint Commissioner, Food and Drugs Administration M.S. Aurangabad as early as in November 2005 (as seen from Defendant''s document No. 2); and

(f) that upon corning to know of the proposed launch of the Plaintiffs'' product in India, but before its actual arrival, the Defendant had filed a b quia timet action on the file of the Delhi High Court and the same is pending.

13. Thus, it is clear that the Defendant''s product arrived in the Indian market, earlier than the Plaintiffs''. But the first Plaintiffs product was earlier than that of the Defendant''s product in the world market. It was held by the Supreme Court in

Uniply Industries Ltd. v. Unicorn Plywood Pvt. Ltd. and Ors. 2001 PTC 417 (SC), that the ownership of inherently distinctive marks is governed by the priority of use of the marks and the first user in the sale of goods, is the owner and senior user.

14. In the light of the above factual position, Mr. A.A. Mohan, Learned Counsel for the Plaintiffs contended that despite their late entry (or later entry) into the Indian market, the Plaintiffs are entitled to a protective order, on account of a transborder reputation that they command. Placing reliance upon the decisions of the Apex Court in N.R. Dongre and Others Vs. Whirlpool Corpn. and Another, and Cadila Health Care Ltd. Vs. Cadila Pharmaceuticals Ltd., , which were quoted with approval in Milmet Oftho Industries and Others Vs. Allergan Inc., , the Learned Counsel for the Plaintiffs contended that a world wide reputation coupled with even an intentim to enter into the Indian market would be sufficient to seek an order of injunction.

15. It is true that in Milmet Oftho Industries case, the Supreme Court reiterated the law laid down in Whirlpool Corporation''s case and Cadila''s case, as seen from paragraphs-6 to 9 of its judgment, extracted as unden:-

6. In the case of N.R. Dongre and Others Vs. Whirlpool Corpn. and Another, , the Appellants got registered the mark "Whirlpool" in respect of washing machines. Whirlpool Corporation filed a suit for passing-off action brought by the Respondents to restrain the Appellants from manufacturing selling, advertising or in any way using the trade mark "Whirlpool" of their product. It was held that the passing-off action was maintainable in law even against the registered owner of the trade mark. It was held that the name of "Whirlpool" was associated for long with Whirlpool Corporation and that its transborder reputation extended to India. It was held that the mark "Whirlpool" gave an indication of the origin of the goods as emanating from or relating to Whirlpool Corporation. It was held that an injunction was a relief in equity and was based on equitable principles. It was held that the equity required that an injunction be granted in favour of Whirlpool Corporation. It was held that the refusal of an injunction could cause irreparable injury to the reputation of Whirlpool Corporation, whereas grant of an injunction would cause no significant injury to the Appellants who could sell their washing machines merely by removing a small label bearing the name "Whirlpool".

7. In the case of Cadila Health Care Ltd. Vs. Cadila Pharmaceuticals Ltd., the question was whether the marks "Falicigo" and "Falcitab" were deceptively similar. The trial Court refused interim injunction. The appeal was also dismissed. this Court did not interfere on the ground that the matter required evidence on merits but laid down principles on which such cases were required to be decided. this Court held that in a passing-off action for deciding the question of deceptive similarity the following facts had to be taken into consideration: (SCC p. 95, para 35)

35. (a) The nature of the marks i.e., whether the marks are word marks or label marks or composite marks i.e., both words and label works.

(b) The degree of resembleness between the marks, phonetically similar and hence the similar in idea.

(c) The nature of the goods in respect of which they are used as trade marks.

(d) The similarity in the nature, character and performance of the goods of the rival traders.

(e) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.

(f) The mode of purchasing the goods or placing orders for the goods.

(g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

In respect of medicinal products it was held that exacting judicial scrutiny is required if there was a possibility of confusion over marks on medicinal products because the potential harm may be far more dire than that in confusion over ordinary consumer products. It was held that even though certain products may not be sold across the counter, nevertheless it was not uncommon that because of lack of competence or otherwise mistakes arise specially where the trade marks are deceptively similar. It was held that confusion and mistakes could arise even for prescription drugs where similar goods are marketed under marks which looked alike and sound alike. It was held that physicians are not immune from confusion or mistake. It was held that it was common knowledge that many prescriptions are telephoned to the pharmacists and others are handwritten, and frequently the handwriting is not legible. It was held that these facts enhance the chances of confusion or mistake by the pharmacists in filling the prescription if the parks appear too much alike.

8. We are in full agreement with what has been laid down by this Court. Whilst considering the possibility of likelihood of deception or confusion, in present times and particularly in the field of medicine, the Courts must also keep in mind the fact that nowadays the field of medicine is of an international character. The Court has to keep in mind the possibility that with the passage of time, some conflict may occur between the use of the mark by the applicant in India and the user by the overseas Company. The Court must ensure that public practitioners and persons or companies connected with the medical field keep abreast developments in medicine and preparations world wide, Medical literature is freely available in this country. Doctors, medical practitioners and persons connected with the medical field be remembered that nowadays of goods are widely advertised in newspapers, periodicals, magazines and other media which is available in the country. This results in a product acquiring a world wide reputation. Thus, if a mark in respect of a drug is associated with the Respondents world wide it would lead to an anomalous

situation if an identical mark in respect of a similar drug is allowed to be sold in India. However, one note of caution must be expressed. Multinational Corporations, which have no intention of coming to India or introducing their product in India should not be allowed to throttle an Indian Company per not permitting it to sell a product in India, if the Indian Company has genuinely adopted the mark and developed the product and is first in the market. Thus, the ultimate test should be, who is first in the market.

9. In the present case, the marks are the same. They are in respect of pharmaceutical products. The mere fact that the Respondents have not been using tho mark in India would be irrelevant if they were first in the world market. The Division Bench had relied upon material which prima facie shows that the Respondents'' product was advertised before the Appellants entered the field. On the basis of that material the Division Bench has concluded that the Respondents were first to adopt the mark. If that be so, then no fault can be found with the conclusion drawn by the Division Bench.

16. In support of his contention that a person who is a prior user in the International market, would be entitled to an order of injunction on account of transborder reputation, even if he is a later entrant in the Indian market, Mr. A.A. Mohan, Learned Counsel for the Plaintiffs relied upon the decision of the Delhi High Court in Austin Nichols and Co. and Seagram India Pvt. Ltd. Vs. Arvind Behl, Director, Jagatjit Industries Ltd. and Jagatjit Industries Ltd., . In that case, the Plaintiff was the manufacturer of a Whisky under the Trade Mark "Blenders Pride", adopted by them in 1973. They apply to the Government of India in April 1993 for setting up a plant and after 2 years, they entered the market in India in March 1995. In the meantime, the Defendant in that suit started manufacturing and selling Whisky under the same Trade Mark from November 1993 and became, in the words of the Delhi High Court, "first past the post in India". Therefore, the Delhi High Court raised the question as to "what was the effect of the Plaintiffs being the first and perhaps the only manufacturers of the product internationally and the second in India." After analysing the law laid down by the Supreme Court in Milmet case, the Delhi High Court held in paragraph-42 of its judgment that the person who is first past the post world wide, would be entitled to an order of injunction as against a person who is first past the post in India. Therefore the Learned Counsel for the Plaintiffs contended that the entry of the Plaintiffs'' product into the Indian market, later in point of time, to the entry of the Defendant''s product, was immaterial, since their entry in the world market was the first.

17. In reply, Mr. P.S. Raman, learned Senior Counsel appearing for the Respondent relied upon the decision of the Supreme Court in Uniply Industries Ltd. v. Unicorn Plywood Pvt. Ltd. and Ors. 2001 PTC 417 (SC), in paragraphs 8 and 9 of which, it was held as follows:

There are many precedents to the effect that for inherently distinctive marks ownership is governed by the priority of use of such marks. The first user in the sale of goods or service is the owner and senior user. These marks are given legal protection against infringement immediately upon adoption and use in trade if two companies make use of the same trade mark and the gist of passing off in relation to goodwill and reputation to goods.

9. Some Courts indicate that even prior small sales of goods with the mark are sufficient to establish priority. The test being to determine continuous prior user and the volume of sale or the degree of familiarity of the public with the mark. Bonafide test of marketing, promotional gifts and experimental sales in small volume may be sufficient to establish a continuous prior use of the mark. But on some other occasions Courts have classified small sales volume as to small and inconsequential for priority purposes. Therefore, these facts will have to be thrashed out at the trial and at the stage of grant of temporary injunction a strong prima facie case will have to be established. It has also to be borne in mind whether the Appellant had also honestly and concurrently used the trade marks or there are other special circumstances arising in the matter. The Courts below have merely looked at what the prima facie case is and tried to decide the matter without considering the various other aspects arising in the matter. Therefore, we think, the appropriate order to be made is that injunction either in the favour of the Appellant or against them or vice-versa is not appropriate and the proceedings in the suit shall be conducted as expeditiously as possible or the Registrar under the Trade and Merchandise Marks Act, 1958 may decide the matter which may govern the rights of the parties.
Therefore Mr. P.S. Raman, learned Senior Counsel contended that unless the Plaintiffs establish that they have a good reputation world wide and that the same has spilled over to India, the Plaintiffs may not be entitled to an order of injunction. In this connection, the learned Senior Counsel drew my attention to the averments and statistics contained in paragraph 9 of the plaint.

18. In paragraph 9 of the plaint, the Plaintiffs have furnished their international sales figures relating to the product in question, for the period 2000-2006, which read as follows:

Year	Sales in U.S. $
2000	5,177
2001	15,250
2002	31,000
2003	65,000
2004	88,000
2005	112,000
2006	152,000

The Plaintiffs have specifically stated, in paragraph 9 that the product in question is sold by the first Plaintiff in Australia, Brunei, Cambodia, Philippines, Maldives Mauritius, Singapore, Sri Lanka, Thailand and India and that the above amounts represent their international sales figures.

19. After having said so, the Plaintiffs have also said in paragraph 10 of the plaint that the estimated value of first Plaintiffs sales promotion expenses exceeds USD 180,000 since its inception in 2000. If the international sales figures furnished in paragraph 9 of the plaint are totalled together, the sales turnover achieved by the first Plaintiff in the international market would come to about USD 470,000 for the entire period from 2000 to 2006. The first Plaintiff has been able to achieve the said turnover, by incurring sales promotion expenses of about USD 180,000 during the said period. Under such circumstances, the question to be decided is as to whether the first Plaintiff can be said to have established a goodwill and transborder reputation of a nature, that would entitle the Plaintiffs to prevent the first entrant in the Indian market from using the same name.

20. By now, it is well established that in an action of passing off the Plaintiff has to prove (1) goodwill or reputation attached to his goods or services, (2) a misrepresentation by the Defendant to the public that the goods and services offered by him are the goods and services of the Plaintiff and (3) that he suffers or likely to suffer damage. It is not necessary to trace the history of the case law on the point, since the Supreme Court has reiterated the well established principles, relating to the grant of an injunction in an action for passing off in Ramdev Food Products Pvt. Ltd. Vs. Arvindbhai Rambhai Patel and Others, , in paragraphs 93 and 94 of the judgment as follows:

93 The doctrine of passing off is a common saw remedy whereby a person is prevented from trying to wrongfully utilise the reputation and goodwill of another by trying to deceive the public through ''passing off'' his goods.

94. In Kerly''s Law of Trade Marks and Trade Names'' Supplement pages 42 and 43, paragraph 16-02, the concept of passing off is stated as under:

The law of passing-off can be summarised in one short general proposition no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the Plaintiff in such an action has to prove in order to succeed. These are three in number.

Firstly, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying ''get-up'' (Whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the Plaintiff''s goods or services.

Secondly, he must demonstrate a misrepresentation by the Defendant to the public (whether or not intentional) leading or likely to lead the public to belief that the goods or services offered by him are the goods or services of the Plaintiff.

Thirdly, he must demonstrate that he suffers or, in a quick time action, that he is likely to suffer damage by reason of the erroneous belief engendered by the Defendant''s misrepresentation that the source of the Defendant''s goods or service is the same as the source of those offered by the Plaintiff...

21. Therefore we have to see at the outset, if the first Plaintiff has established a goodwill or reputation. The Apex Court had an occasion to consider what constituted goodwill, in S.C. Cambatta and Co. Private Ltd. Vs. Commissioner of Excess Profits Tax, Bombay, . Referring to English and Australian decisions, the Supreme Court held in paragraphs 7 to 9 of the said judgment as follows:

7. ...The matter has been considered in two cases by the House of Lords. The first case is Trego v. Hunt where all the definitions previously given were considered, and Lord Macnaghten observed that goodwill is "the whole advantage, whatever it may be of the reputation and connection of the firm, which may have been built up by years of honest work or gained by lavish expenditure of money". In a subsequent case reported in Inland Revenue Commissioners v. Muller and Company''s Martarin, Ltd. Lord Macnaghten at pp. 223 and 224 made the following observations:

What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good-name, reputation, and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start... If there is one attribute common to all cases of goodwill it is the attribute of locality. For goodwill has no independent existence. It cannot subsist by itself. It must be attached to a business. Destroy the business, and the goodwill perishes with it, though elements remain which may perhaps be gathered up and be revived again.

8. These two cases and others were considered in two Australian cases. The tirst is Daniell v. Federal Commissioner of Taxation where Knox, C.J. Observed:

My opinion is that while it cannot be said to be absolutely and necessarily inseparable from the premises or to have no separate value, prima facie at any rate it may be treated as attached to the premises and whatever its value may be, should be treated as an enhancement of the value of the premises.

In the second case reported in Federal Commissioner of Taxation v. Williamson Rich, J. observed at p. 564 as follows:

Hence to determine the nature of the goodwill in any given case, it is necessary to consider the type of business and the type of customer which such a business is inherently likely to attract as well as the surrounding circumstances.... The goodwill of a business is a composite thing referable in part to its locality, in part to the way in which it is conducted and the personality of those who conduct it, and in part to the likelihood of competition, many customers being no doubt actuated by mixed motives in conferring their custom.

In Eari Jowitt''s Dictionary of English Law, 1959 Edn., "goodwill" is defined thus:

The goodwill of a business is the benefit which arises from its having been carried on for some time in a particular house, or by a particular person or firm, or from the use of a particular trade mark or trade name.

22. Similarly, the word "reputation" also has several connotations. Though the sales turnover of a business need not necessarily be indicative of the reputation that the business house has among its customers, it is certainly one of the important factors to be taken into account when a multinational company seeks to injunct a local company from passing off their goods. The extent of market present, is reflected only by the turnover. This is why, the Supreme Court made it clear in Uniply Industries case "that the gist of passing off is in relation to goodwill and reputation to goods" and that the real test to be applied would be "(i) continuous prior user (ii) the volume of sales, and (iii) the degree of familiarity".

23. If the above tests are applied, it is seen that the volume of sales achieved by the first Plaintiff world wide over a period of 7 years (in Australia, Sri Lanka, Cambodia, Philippines etc.) works out only to about USD 470,000 and by their own admission, the first Plaintiff has been able to achieve the said turnover after spending about USD 180,000. In such circumstances, I have my own doubt about the first Plaintiff''s claim of having established a transborder reputation.

24. In contrast to the statistics furnished by the first Plaintiff, the Defendant has claimed in paragraph 13 of their affidavit that after incurring an expenditure of Rs. 1,35,174 towards sales promotion and advertisement for the year 2007-2008, the Defendant achieved a turnover of approximately Rs. 33.05 lakhs. This claim is also supported by the Certificates issued by the General Manager-Legal and Company Secretary, filed as document Nos. 9 and 10 by the Defendant. These Certificates are dated 16.11.2007 and 20.11.2007 respectively, indicating thereby that the figures furnished therein relate only to a period of about 7 months (from April 2007 to October 2007).

25. Drawing my attention to the averments contained in paragraph 10 of the plaint, Mr. A.A. Mohan contended that the first Plaintiff has participated in several International Conventions and Conferences and that their products were advertised in those Conferences and that in a Conference of Dermatologists of SAARC held in 2003 in Sri Lanka, 185 Doctors from India participated and that they made enquiries about the product in question. This according to the Learned Counsel was reflective of the reputation established by the first Plaintiff.

26. But I am not impressed with the said argument. If even in 2003, a large contingent of Dermatologists, from India, who had participated in the SAARC Conference, had evinced lot of interest in the first Plaintiffs product, it would not have taken 4 years for the first Plaintiff to send the first consignment of material to the second Plaintiff on a trial run. As seen from the invoices of the first Plaintiff raised on the second Plaintiff, filed as document No. 30 series, the first Plaintiff had sent about 1553 units (753 units of 45 ml peck and 800 units of 120 ml pack) for sale, apart from 48 units of 45 ml pack and 1200 units of 5 ml pack as samples. Alongwith the said consignment, some literature in the form of posters and gimmicks were also sent. There is no explanation from the first Plaintiff as to why the dissemination of information made in the SAARC Conference of the year 2003, among the 185 Indian Doctors, was not exploited to their advantage till 2007. Therefore, it is hard to conceive that the first Plaintiff had established a transborder reputation that entitle the Plaintiffs to an order of injunction. The Plaintiffs have failed to produce any evidence to show that they had at least undertaken a blitzkrieg sales promotion campaign in India, at any time prior to the actual arrival of their product in November 2007.

27. Even if the first Plaintiff is presumed to have achieved a tansborder reputation, for the purpose of argument, the balance of convenience does not appear to be in favour of the Plaintiff''s for the grant of an order of injunction. As stated earlier, the Defendant applied for the registration of the Trade Mark in India in August 2005 and obtained a Drug license in November 2005 and launched its product in May 2007. The Plaintiff''s have not produced any proof to show that they had any intention to appear in the Indian market till October 2007. There is no document to show that the Plaintiffs had an intention to arrive, even in 2005 or 2006, but that by force of circumstances, they could actually arrive only in October 2007. Therefore, this case would fall under the category about which the Supreme Court recorded a note of caution even in Milmet case (end of paragraph 8). Under such circumstances, the Plaintiffs are not entitled to an order of injunction.

28. Therefore the application for injunction O.A. No. 15 of 2008 is, dismissed. However, it is made clear that the observations made and the findings recorded herein shall not prejudice the case of the Plaintiffs at the time of trial.