(2007) 07 DEL CK 0258

Delhi High Court

Case No: IAs No''s. 2802 and 4462/07 in CS (OS) No. 450 of 2007

Doctor Morepen Limited		APPELLANT
	Vs	
Yash Pharma Laboratories Limited		RESPONDENT

Date of Decision: July 2, 2007

Acts Referred:

- Civil Procedure Code, 1908 (CPC) - Order 39 Rule 1, Order 39 Rule 2, Order 39 Rule 4

Citation: (2007) 35 PTC 7 : (2007) 35 PTC 357

Hon'ble Judges: S.N. Dhingra, J

Bench: Single Bench

Advocate: Valmiki Mehta, Rajneesh Chopra and Geetika, for the Appellant; Pratibha M. Singh, Utkarsh Tewari and Pema Yeshey, for the Respondent

Judgement

@JUDGMENTTAG-ORDER

Shiv Narayan Dhingra, J.
plaintiff filed the present suit seeking permanent injunction against the defendant restraining the defendant from infringement of trademark of the plaintiff and from passing of its goods as that of the plaintiff and also for rendition of accounts and delivery of infringing material.

2. The defendant was manufacturing and marketing ''LEMOLATE'' medicinal tablets. ''LEMOLATE'' trademark was registered in the name of the defendant sometime in 1973 and the Registration was renewed from time to time. In 2002 plaintiff purchased ''LEMOLATE'' brand from the defendant along with trademark, technical knowledge, manufacturing process etc. and entered into a Comprehensive Agreement/Memorandum of Understanding dated 4th April, 2002. As per this agreement, the defendant was paid a sum of Rs. nearly 11 crores as consideration for (i) brand acquisition (ii) copyright acquisition (iii) trademark acquisition (iv) technology transfer and (v) Inventory transfer. Thus, all rights vesting in the

defendant in respect of ''LEMOLATE'' tablet were transferred to plaintiff for a consideration and after the transfer and execution of the agreement, defendant under the arrangement was to continue to manufacture the product on behalf of the plaintiff on a principal to principal basis. plaintiff was also free to purchase raw material, packaging material for the product from any person and to get the product manufactured in any of the sites in India. The defendant was also to make declaration at the time of execution of agreement about the pipeline stocks available with the retailers, dealers, CandF agents and manufacturers of product and the plaintiff was to purchase all this on principal to principal basis. Defendant had given an undertaking that after the deed of assignment and brand acquisition agreement and other related agreements having been signed, defendant shall have no claim, right, title or interest left in the brand or in the technology. Defendant also gave undertaking that it shall not use or create any trademark/brand name/logo/trade name for their product which will be deceptively similar to the brand ''LEMOLATE''. Defendant also undertook that once the agreement for transfer of brand and technical knowledge is executed plaintiff shall become the sole owner of trademark ''LEMOLATE'' and shall have exclusive right to manufacture and sell the product.

3. Separate deeds of assignments were executed under this MoU by the parties and in the deed of assignment in respect of the trademark, it was specifically agreed by the defendant that it will not infringe the trademark nor shall create any trademark which was similar to or resembling the trademark ''LEMOLATE'' as to be likely to deceive or cause confusion, in the course of trade, in relation to the goods in respect of which the said trademark is associated.

4. The defendant recently came up with another tablet in the name of ''LEMOTAB''. The tablet ''LEMOTAB'' is also for cold and flu as the tablet ''LEMOLATE''. The plaintiff has filed the present suit alleging that not only the defendant violated the agreement entered into with the plaintiff but also on the ground that ''LEMOLATE'' was the exclusive trademark of the plaintiff and the new trademark ''LEMOTAB'', being used by the defendant was not only deceptively similar to the trademark ''LEMOLATE'' but even the medicine was for the purpose of curing cold and flu, as the medicine for which the technical knowledge had been sold to the plaintiff. The defendant, by adopting trademark ''LEMOTAB'' had violated the agreement as well as caused infringement of the trademark of the plaintiff and was passing off its goods as that of the plaintiff despite receiving a hefty amount from the plaintiff in lieu of the assignment of the trademark and other rights in respect of the medicine. In the WS, the stand taken by the defendant is that this Court had no jurisdiction since the pharmaceutical preparation created by the defendant and sold under the name of ''LEMOTAB'' was not being sold anywhere within the jurisdiction of this Court. However, defendant''s counsel did not press this argument about the jurisdiction of the Court.

5. It is not disputed that the defendant had entered into an agreement with the plaintiff in respect of the transfer of technical knowledge, trademark, copyright and other rights in respect of tablets ''LEMOLATE'', a tablet for common cold and flu. It is also not disputed that the defendant has recently launched another medicine in the name of ''LEMOTAB'' for common cold and flu. It is submitted by the defendant that ''LEMOLATE'' was coined word with prefix ''LEMO'' and suffix ''LATE''. The prefix ''LEMO'' was taken from lemon. The prefix represented lemon because of yellow colour of the tablet as the tablet was coated with TARTRAZINE, suffix ''LATE'' was taken from the word ''MALEATE'' (as in Chlorpheniramine Maleate I.P.) which is the active molecule in the said tablet. Thus, LEMO and LATE were joined and came the word ''LEMOLATE''. The defendant company had other trademarks with prefix ''LEMO'' like ''LEMOLINCTUS'' before and after entering into agreement of assignment with plaintiff in respect of ''LEMOLATE''. ''LEMOLINCTUS'' was being used for a syrup meant for cough, cold and other common ailment of mucous membrane or throat. The defendant in February, 2006 decided to launch pharmaceutical preparation for common ailments like cold, flu and adopted trademark ''LEMOTAB'' and made an application for registration of the trademark. ''LEMOTAB'' was a word coined by the defendant. Prefix was taken from ''Lemon'' and suffix from ''Tablet''. It is submitted that there was no infringement of the trademark of the plaintiff. The trademark ''LEMOTAB'' of defendant was a new trademark and it was not going to cause any confusion among the buyers of medicine. It was further stated that the colour scheme of packaging ''LEMOTAB'' was different from the colour scheme of packaging of ''LEMOLATE''. Moreover, ''LEMOTAB'' was in no way phonetically, visually or structurally similar to ''LEMOLATE''. The word ''LEMO'' has been used by the defendant since the tablet being manufactured by defendant was yellow in colour and most pharmaceutical preparations in the form of tablet for common cold and influenza were yellow. There was no deliberate attempt on the part of defendant to cause confusion. ''LEMOTAB'' was extremely strong brand and it has become well known among the medical professionals because of the efficient and aggressive marketing done by the defendant. The defendant submitted that the suit of the plaintiff be dismissed.

6. The counsel for defendant relied upon Astrazeneca UK Limited and Another Vs. Orchid Chemicals and Pharmaceuticals Ltd., . In this case the Court was concerned with two trademarks ''MERONEM'' and ''MEROMER''. The defendant was using trademark ''MEROMER'' which was allegedly similar to ''MARONEM''. A Division Bench of this Court held as under:

19.Admittedly, ''Mero'', which is common to both the competing marks, is taken by both the appellants/plaintiffs and the respondent/defendant from the drug ''Meropenem'', taking the prefix ''Mero'' which is used as a prefix in both the competing marks. Both the appellants/plaintiffs and the respondent/defendant are marketing the same molecule ''Meropenem''. Neither the appellants/plaintiffs nor the respondent/defendant can raise any claim for exclusive user of the aforesaid

word ''Meropenem''. Along with the aforesaid generic/common prefix, ''Mero'', the appellants/plaintiffs have used the syllables ''nem'', whereas, the respondent/defendant has used the syllable ''mer''. It is true that the aforesaid words/trade names cannot be deciphered or considered separately, but must be taken as a whole. But even if they are taken as a whole, the prefix ''Mero'' used with suffix in the two competing names, distinguishes and differentiates the two products. When they are taken as a whole, the aforesaid two trade marks cannot be said to be either phonetically or visually or in any manner deceptively similar to each other.

20. We are informed that there are a number of such other similar names with the prefix ''Mero'' which are in the market. They were also taken notice of by the learned Single Judge while dealing with the injunction application. In the decisions of the Supreme Court and this Court also, it has been clearly held that nobody can claim exclusive right to use any word, abbreviation, or acronym which has become publici juris. In the trade of drugs, it is common practice to name a drug by the name of the organ or ailment which it treats or the main ingredient of the drug. Such an organ ailment or ingredient being publici Jurisdiction or generic cannot be owned by anyone exclusively for use as a trade mark. In the Division Bench decision of this Court in SBL Limited (supra) it was also held that possibility of deception or confusion is reduced practically to nil in view of the fact that the medicine will be sold on medical prescription and by licensed dealers well versed in the field and having knowledge of medicines. It was further held that the two rival marks, ''Liv.52'' and LIV-T'', contain a common feature , ''Liv'' which is not only descriptive, but also publici Jurisdiction and that a customer will tend to ignore the common feature and will pay more attention to uncommon features i.e. ''52'' and ''T'' and that the two do not have such phonetic similarity so as to make it objectionable.

21. In our considered opinion the facts of the said case are almost similar and squarely applicable to the facts of the present case. ''Meropenem'' is the molecule which is used for treatment of bacterial infections. In that view of the matter, the abbreviation ''Mero'' became a generic term, is publici Jurisdiction and it is distinctive in nature. Consequently, the appellants/plaintiffs cannot claim exclusive right to the use of ''Mero'' as constituent of any trademark. The possibility of deception or confusion is also reduced practically to nil in view of the fact that the medicine is sold only on prescription by dealers. The common feature in both the competing marks i.e. ''Mero'' is only descriptive and publici Jurisdiction and, Therefore, the customers would tend to ignore the common feature and would pay more attention to the uncommon feature. Even if they are expressed as a whole, the two did not have any phonetic similarity to make it objectionable. There are at least four other registered users of the prefix ''Mero'' in India whereas the names of 35 companies using ''Mero'' trademarks, which have been registered or applied for registration, have been furnished in the pleadings. The respondent/defendant advertised its trademark ''Meromer'' after submitting its application for registration

and at that stage, there was no opposition even from the appellants/plaintiffs. The trademark of the respondent/defendant was registered there being no opposition from any quarter including the appellants/plaintiffs.

22. Consequently, the two names, namely, ''Meromer'' and Meronem'' are found to be prima facie dissimilar to each other. They are Schedule-H drugs available only on doctor''s prescription. The factum that the same are available only on doctor''s prescription and not as an over the counter medicine is also relevant and has been rightly taken note of by the learned Single Judge. In our considered opinion, where the marks are distinct and the features are found to be dis-similar, they are not likely to create any confusion. It is also admitted by the parties that there is a difference in the price of the two products. The very fact that the two pharmaceutical products, one of the appellants/plaintiffs and the other of the respondent/defendant, are being sold at different prices itself ensures that there is no possibility of any deception/confusion, particularly in view of the fact that customer who comes with the intention of purchasing the product of the appellants/plaintiffs would never settle for the product of the respondent/defendant which is priced much lower. It is apparent that the trademarks on the two products, one of the appellants/plaintiff and the other of the respondent/defendant, are totally dissimilar and different.

7. The counsel for defendant also submitted that there were several other pharmaceutical preparations having prefix ''LEMO''. Prefix ''LEMO'' cannot be considered as a proprietary prefix of the plaintiff or a word over which plaintiff can have exclusive right of use.

8. On the other hand counsel for plaintiff relied upon 2002 (24) PTC 318 Delhi where this Court had considered the similarity between the two trademarks namely HIMALAYAN BATISA and HIMMATWALA HIMALAYA BATISA. The HIMALAYAN BATISA was being used by plaintiff for Ayurvedic Veterinary medicine preparations. The defendant came up with similar Ayurvedic Veterinary medicines with the trademark HIMALAYA BATISA initially and then with trademark HIMMATWALA HIMALYA BATISA. The defendant had given an undertaking in another Court that it would stop the offending trademark however despite giving undertaking he did not stop the use of the trademark of the plaintiff and continued marketing the same medicine in the name of HIMMATWALA HIMALAYA BATISA. This Court issued an injunction against the defendant from using HIMMATWALA HIMALAYA BATISA.

9. The argument of the counsel for the defendant that ''LEMOLATE'' and ''LEMOTAB'' were two different trademarks having no phonetic similarity and there could be no confusion in the mind of public must fail. The defendant was original owner of the trademark ''LEMOLATE'', it received a hefty consideration running into crores from the plaintiff for selling this trademark along with sale of technical knowledge, manufacturing process, copyright and all rights in the ''LEMOLATE''. The defendant also gave an undertaking to the plaintiff that the defendant shall not create or use

any other trademark deceptively similar to the trademark ''LEMOLATE'' . At the time of taking this undertaking, plaintiff had visualized that defendant can come out with same kind of formulation with similar trademark. The defendant had agreed not to use similar trademark since it had received hefty consideration for its trademark ''LEMOLATE''. What can be the similar trademarks which can be used for similar tablet of common cold and flu. If one starts thinking of similar trademark either the prefix would be the same or the suffix would be the same or a word with phonetic similarity like EMOLATE, LAMOTATE or LEMOSATE or LEM-O-RATE etc. can be a similar trademark. If prefix and suffix are different, the trademark would be different. If the defendant had come up with other prefix instead of ''LEMO'' and used suffix ''TAB'', plaintiff would have no cause of action against the defendant. Say, the defendant had come up with tablet with names like ''SEBOTAB'', ''MEROTAB'', ''NENOTAB'' etc. it would have no similarity with ''LEMOLATE''. But since the defendant chose to come up with a trademark which had similarity with the trademark for which defendant had received hefty consideration, defendant cannot be heard to say that the word ''LEMO'' is derived from lemon and defendant has every right to use word ''LEMO'' for a similar formulation as ''LEMOLATE''. The case of ''MEROMER'' and ''MERONEM'' is distinguishable. ''MERO'' being used as prefix by the two competing trademarks was derived from generic molecule ''MEROPENAM'' which was used for the bacterial infection in the medicine and this Court held that word MERO had become ''generic'' and ''publici juris''. The plaintiff could not claim exclusive right of use of word ''MERO''. In the present case, lemon is not the name of any molecule being used by the defendant in the drug. The argument of the defendant counsel that lemon is commonly associated with cold and flu cannot stand the test of reason. It is also stated by the counsel for defendant that ''lemon'' was used because of yellow colour of the tablet and lemon being associated with yellow colour can be used by defendant without any restriction.

10. It was known to the defendant even at the time when assignment agreement was signed that the word ''LEMO'' was derived from lemon and ''LEMOLATE'' is a coined word. The defendant had sold this coined word for a hefty consideration and the defendant had given an undertaking that the defendant would not coin another word similar to the word ''LEMOLATE''. After giving this specific undertaking and after receiving consideration, the defendant cannot be heard to say that LEMO can again be used by the defendant and defendant now can market almost similar medicine with trade name LEMOTAB. Moreover, two medicines, one marketed by the plaintiff and other marketed by the defendant meet the same kind of public requirements. They are not scheduled ''H'' drugs and can be asked from the chemists just by name or description.

11. There is another aspect to this matter. At the time when assignment agreement was signed, it was specifically agreed between the parties that for the sake of benefit of the plaintiff and to enable plaintiff to take full advantage of the trademark and market of the product, defendant shall not make it public that it had sold its

brand ''LEMOLATE'' and a secrecy shall be maintained. Thus, plaintiff entered into shoes of the defendant and captured the market of the defendant in respect of trademark ''LEMOLATE'' for a consideration and change of ownership of the trademark was not publicly announced so that the market of the plaintiff may not be affected. By bringing another tablet almost in the similar name ''LEMOTAB'' the defendant is not only infringing the trademark but is making an announcement indirectly that it has sold ''LEMOLATE'' and now it has come up with another tablet which would be competing with ''LEMOLATE''. The action of the defendant is clearly an infringement of the agreement as well as infringement of the trademark of the plaintiff. This is to be noted that under the MoU there was a ban on defendant for three years from manufacturing similar kind of medicine. The defendant had come out approximately after three years with similar kind of medicine and with similar kind of trademark which was not the intention of the parties to assignment agreement. The defendant could come out with similar kind of medicine but with different trademark only. I consider that the plaintiff has a good prima facie case. The balance of convenience and equity lies in favor of plaintiff. plaintiff is entitled to an interim injunction under Order 39 Rule 1 and2 restraining defendant from using trademark ''LEMOTAB'' as prima facie the trademark infringes the plaintiff''s trademark ''LEMOLATE'' being deceptively similar and being contrary to the agreement entered into between plaintiff and defendant and being in violation of the undertaking given by defendant that it shall not coin another word which would be similar to the trademark LEMOLATE. I, Therefore, allow this application of Order 39 Rule 1 and 2 and dismiss the application under Order 39 Rule 4 CPC.