

Cadila Healthcare Limited vs Cadila Pharmaceuticals Limited on 26 March, 2001

Equivalent citations: AIR 2001 SUPREME COURT 1952, 2001 (5) SCC 73, 2001 AIR SCW 1411, 2001 CLC 564 (SC), 2001 CORLA(BL SUPP) 187 SC, 2001 (2) LRI 292, 2001 (1) COPYTR 288, 2001 (3) SCALE 98, (2001) 4 JT 243 (SC), 2001 (4) SRJ 447, 2001 (1) UJ (SC) 669, (2001) 2 GUJ LR 1419, (2001) 2 GUJ LH 53, (2001) 2 SCJ 553, (2001) 3 SUPREME 1, (2001) 2 RECCIVR 583, (2001) 4 ICC 558, (2001) 3 SCALE 98, (2001) WLC(SC)CVL 438, (2001) 2 CIVLJ 617

Bench: Doraswamy Raju, British Kumar

CASE NO.:

Appeal (civil) 2372 of 2001

Special Leave Petition (civil) 15994 of 1998

PETITIONER:

CADILA HEALTHCARE LIMITED

Vs.

RESPONDENT:

CADILA PHARMACEUTICALS LIMITED

DATE OF JUDGMENT: 26/03/2001

BENCH:

B.N.Kripal, Doraswamy Raju, British Kumar

JUDGMENT:

KIRPAL,J.

L.....I.....T.....T.....T.....T.....T.....T.....J Leave granted. Appellant and respondent are pharmaceutical companies manufacturing various pharmaceutical products. The two companies had taken over the assets and business of the erstwhile Cadila Group after its restructuring under Sections 391 & 394 of the Companies Act. One of the conditions in the scheme of restructuring of the Cadila Group was that both the appellant and the respondent got the right to use the name CADILA as a corporate name.

The present proceedings arise from the suit for injunction which had been filed by the appellant against the respondent in the District Court at Vadodara. The suit related to a medicine being sold under the brand name Falcitab by the respondent which, according to the appellant, was a brand name similar to the drug being sold by it under its brand name Falcigo. The case of the appellant was that its drug Falcigo contains Artesunate for the treatment of cerebral malaria commonly known as Falcipharum. After the introduction of this drug, the appellant on 20th August, 1996 applied to the Trade Marks Registry, Ahmedabad for registration in Part-A, Class-5 of the Trade and Merchandise Marks Act. On 7th October, 1996 the Drugs Controller General (India) granted permission to the appellant to market the said drug under the trade mark of Falcigo. It is, thereafter, that since October, 1996 the appellant claimed to have started the manufacture and sale of drug Falcigo all over India.

The respondent company is stated to have got permission on 10th April, 1997 from the Drugs Controller General (India) to manufacture a drug containing Mefloquine Hydrochloride. The respondent was also given permission to import the said drug from abroad. According to the appellant, it came to know in April, 1998 that the said drug, which was also used for the treatment of Falcipharum Malaria, was being sold by the respondent under the trade mark of Falcitab. The appellant then filed a suit in the District Court at Vadodara seeking injunction against the respondent from using the trade mark Falcitab as it was claimed that the same would be passed off as appellants drug Falcigo for the treatment of the same disease in view of confusing similarity and deception in the names and more so because the drugs were medicines of last resort.

The respondent company stated in the defence that the word Falci, which is the prefix of the mark, is taken from the name of the disease Falcipharum Malaria and it is a common practice in pharmaceutical trade to use part of the word of the disease as a trade mark to indicate to the doctors and chemists that a particular product/drug is meant for a particular disease. It was also the case of the respondent that admittedly the two products in question were Schedule L drugs which can be sold only to the hospitals and clinics with the result that there could not even be a remote chance of confusion and deception. It may here be noticed that Schedule H drugs are those which can be sold by the chemist only on the prescription of the Doctor but Schedule L drugs are not sold across the counter but are sold only to the hospitals and clinics.

The Extra Assistant Judge, Vadodara by his order dated 30th May, 1998 dismissed the interim injunction application. He came to the conclusion that the two drugs Falcigo and Falcitab differed in appearance, formulation and price and could be sold only to hospitals and institutions and there was, thus, no case had been made out for grant of injunction and there was no chance of deception or/of confusion specially as the drug was not meant to be sold to any individual.

The appeal filed by the appellant before the High Court met with no success. After discussing various cases which were cited before it and after verifying the cartoons and packings of the respective products, the High Court came to the conclusion that it could not be said that there was a likelihood of confusion being caused to an unwary consumer in respect of the disputed marks. It observed that there was little chance of any passing off one product for the other product.

When the special leave came up for hearing, detailed arguments were heard and, for the reasons to be given, this Court did not interfere with the orders passed by the courts below but gave directions regarding expeditious disposal of the suit. In this judgment, we give the reason for not interfering and also set out the principles which are to be kept in mind while dealing with an action for infringement or passing off specially in the cases relating to medicinal products. The reason for not interfering with the order appealed against was that there may be possibility of evidence being required on merits of the case and directions were given for speedy trial of the suit. Expression of opinion on merits by this Court at this stage was not thought advisable. We now proceed to examine the principles on which these cases have been and are required to be decided.

Under Section 28 of the Trade and Merchandise Marks Act on the registration of a trade mark in Part-A or B of the register, a registered proprietor gets an exclusive right to use the trade mark in relation to the goods in respect of which trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by the Act. In the case of un-registered trade mark, Section 27(1) provides that no person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered trade mark. Sub-section (2) of Section 27 provides that the Act shall not be deemed to affect rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof. In other words in the case of un-registered trade marks, a passing off action is maintainable. The passing off action depends upon the principle that nobody has a right to represent his goods as the goods of some body. In other words a man is not to sell his goods or services under the pretence that they are those of another person . As per Lord Diplock in *Erwen Warnink BV Vs. J Townend & Sons*, 1979(2) AER 927, the modern tort of passing off has five elements i.e. (1) a misrepresentation (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a *quia timet* action) will probably do so.

There being an action alleging passing off in the present case, it will be appropriate to consider a few decisions, specially of this Court, which are relevant on the point in issue.

In *National Sewing Thread Co. Ltd., Chidambaram Vs. James Chadwick and Bros Ltd.* AIR 1953 SC 357, this Court was dealing with a case where an application for registration of a trade mark had been declined by the Registrar who accepted the objections filed by the respondent to the application for registration. While interpreting Section 8 of the Trade Marks Act which provides that no trade mark nor part of a trade mark shall be registered which consists of, or contains, any scandalous design, or any matter the use of which would by reason of its being likely to deceive or to cause confusion or otherwise, be disentitled to protection in a Court of Justice , this Court observed at page 363 as under:

Under this Section an application made to register a trade mark which is likely to deceive or to cause confusion has to be refused notwithstanding the fact that the mark might have no identity or close resemblance with any other trade mark.. What

the Registrar has to see is whether looking at the circumstances of the case a particular trade mark is likely to deceive or to cause confusion.

This Court elaborated this principle further at page 363 as under:

The principles of law applicable to such cases are well-settled. The burden of proving that the trade mark which a person seeks to register is not likely to deceive or to cause confusion is upon the applicant. It is for him to satisfy the Registrar that his trade mark does not fall within the prohibition of Section 8 and therefore, it should be registered. Moreover in deciding whether a particular trade mark is likely to deceive or cause confusion that duty is not discharged by arriving at the result by merely comparing it with the trade mark which is already registered and whose proprietor is offering opposition to the registration of the mark. The real question to decide in such cases is to see as to how a purchaser, who must be looked upon as an average man of ordinary intelligence, would react to a particular trade mark, what association he would form by looking at the trade mark, and in what respect he would connect the trade mark with the goods which he would be purchasing.

In *Corn Products Refining Company Vs. Shangrila Food Products Limited*, 1960(1) SCR 968, this Court was again concerned with an appeal arising out of the decision of the Registrar pertaining to registration of a trade mark. M/s. Shangrila Food Products had applied for registration of the mark Gluvita and M/s. Corn Products, who were the owners of registered trade mark Glucovita filed its objections to the registration of the respondents mark. The Deputy Registrar came to the conclusion that the two words Glucovita and Gluvita were not visually or phonetically similar and that there was no reasonable likelihood of any deception being caused by or any confusion arising from the use of respondents proposed mark. Against the decision of the Deputy Registrar, the appellant filed an appeal before the High Court. A Single Judge of the Bombay High Court came to the conclusion, dis-agreeing with the findings of the Deputy Registrar, that the two marks were sufficiently similar so as to be reasonably/likely to cause deception/confusion. The Division Bench, on an appeal, however, set-aside the decision of the Single Judge and restored the decision of the Deputy Registrar. While allowing the appeal, it was observed at page 977 as follows:

We, therefore, think that the learned appellate Judges were in error in deciding in favour of the respondent basing themselves on the series marks, having Gluco or Vita as a prefix or a suffix.

Dealing with the question as to whether there was likelihood of confusion between the two marks, which was the view taken by Desai, J. of the Bombay High Court in that case which was over-ruled by the Division Bench, this Court observed at page 978 as follows:

We think that the view taken by Desai, J., is right. It is well known that the question whether the two marks are likely to give rise to confusion or not is a question of first impression. It is for the court to decide that question. English cases proceeding on the English way of pronouncing an English word by Englishmen, which it may be stated is not always the same, may not be of much assistance in our country in deciding questions of phonetic similarity. It cannot be overlooked that the word is an English word which to the mass of the Indian people is a foreign word. It is well recognised that in deciding a question of similarity between two marks, the marks have to be considered as a whole. So considered, we are inclined to agree with Desai, J., that the marks with which this case is concerned are similar. Apart from the syllable co in the appellants mark, the two marks are identical. That syllable is not in our opinion such as would enable the buyers in our country to distinguish the one mark from the other. (emphasis added) In *Amritdhara Pharmacy Vs. Satya Deo*, AIR 1963 SC 449 the respondent had applied for the registration of the trade name Lakshmandhara in respect of a medicinal preparation for the alleviation of various ailments. This was opposed by the appellant whose trade name Amritdhara had already been registered in respect of similar medicinal preparation. The question, which arose, was whether the name Lakshmandhara was likely to deceive the public or cause confusion to the trade. While interpreting Sections 8 & 10 of the Trade Marks Act, this Court observed at pages 452-454 as follows:

It will be noticed that the words used in the sections and relevant for our purpose are likely to deceive or cause confusion. The Act does not lay down any criteria for determining what is likely to deceive or cause confusion. Therefore, every case must depend on its own particular facts, and the value of authorities lies not so much in the actual decision as in the tests applied for determining what is likely to deceive or cause confusion. On an application to register, the Registrar or an opponent may object that the trade mark is not registrable by reason of clause (a) of Section 8, or sub-section (1) of Section 10, as in this case. In such a case the onus is on the applicant to satisfy the Registrar that the trade mark applied for is not likely to deceive or cause confusion. In cases in which the tribunal considers that there is doubt as to whether deception is likely, the application should be refused. A trade mark is likely to deceive or cause confusion by its resemblance to another already on the Register if it is likely to do so in the course of its legitimate use in a market where the two marks are assumed to be in use by traders in that market. In considering the matter, all the circumstances of the case must be considered. As was observed by Parker, J. in *Re Pianotist Co.s Application* (1906) 23 RPC 774 which was also a case of the comparison of two words You must take the two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. (p.777) For deceptive resemblance two important

questions are: (1) who are the persons whom the resemblance must be likely to deceive or confuse, and (2) what rules of comparison are to be adopted in judging whether such resemblance exists. As to confusion, it is perhaps an appropriate description of the state of mind of a customer who, on seeing a mark thinks that it differs from the mark on goods which he has previously bought, but is doubtful whether that impression is not due to imperfect recollection. (see Kerly on Trade Marks, 8th Edition, p. 400) Let us apply these tests to the facts of the case under our consideration. It is not disputed before us that the two names Amritdhara and Lakshmandhara are in use in respect of the same description of goods, namely, a medicinal preparation for the alleviation of various ailments. Such medicinal preparation will be purchased mostly by people who instead of going to a doctor wish to purchase a medicine for the quick alleviation of their suffering, both villagers & townfolk, literate as well as illiterate. As we said in *Corn Products Refining Co. Vs. Shangrila Food Products Ltd.*, (1960) 1 SCR 968: (AIR 1960 SC

142) the question has to be approached from the point of view of a man of average intelligence and imperfect recollection. To such a man the overall structural and phonetic similarity of the two names Amritdhara and Lakshmandhara is, in our opinion, likely to deceive or cause confusion. We must consider the overall similarity of the two composite words Amritdhara and Lakshmandhara. WE do not think that the learned Judges of the High Court were right in saying that no Indian would mistake one for the other. An unwary purchaser of average intelligence and imperfect recollection would not, as the High Court supposed, split the name into its component parts and consider the etymological meaning thereof or even consider the meaning of the composite words as current of nectar or current of Lakshman.

He would go more by the overall structural and phonetic similarity and the nature of the medicine he has previously purchased, or has been told about, or about which has otherwise learnt and which he wants to purchase. Where the trade relates to goods largely sold to illiterate or badly educated persons, it is no answer to say that a person educated in the Hindi language would go by the etymological or ideological meaning and see the difference between current of nectar and current of Lakshman. Current of Lakshman in a literal sense has no meaning; to give it meaning one must further make the inference that the current or stream is as pure and strong as Lakshman of the Ramayana. An ordinary Indian villager or townsman will perhaps know Lakshman, the story of the Ramayana being familiar to him; but we doubt if he would etymologise to the extent of seeing the so-called ideological difference between Amritdhara and Lakshmandhara. He would go more by the similarity of the two names in the context of the widely known medicinal preparation which he wants for his ailments.

We agree that the use of the word dhara which literally means current or stream is not by itself decisive of the matter. What we have to consider here is the overall similarity of the composite words, having regard to the circumstance that the goods bearing the two names are medicinal preparations of the same description. We are aware that the admission of a mark is not to be refused, because unusually stupid people, fools or idiots, may be deceived. A critical comparison of

the two names may disclose some points of difference but an unwary purchaser of average intelligence and imperfect recollection would be deceived by the overall similarity of the two names having regard to the nature of the medicine he is looking for with a somewhat vague recollection that he had purchased a similar medicine on a previous occasion with a similar name. The trade mark is the whole thing - the whole word has to be considered. In the case of the application to register Erectiks (opposed by the proprietors of the trade mark Erector) Farwell, J. said in William Bailey (Birmingham) Ltd.s Application, (1935) R.P.C. 136:

I do not think it is right to take a part of the word and compare it with a part of the other word; one word must be considered as a whole and compared with the other word as a whole..I think it is a dangerous method to adopt to divide the word up and seek to distinguish a portion of it from a portion of the other word.

Another case relating to medicinal product is that of Durga Dutt Sharma Vs. N.P. Laboratories, AIR 1965 SC 980. In that case the respondent, who manufactured medicinal products, had got the word Navaratna registered as a trade mark. The appellant, who was carrying on the business in the preparation of Ayurvedic pharmaceutical products under the name of Navaratna Kalpa applied for registration of the words Navaratna Kalpa as a trade mark for his medicinal preparations. The objection of the respondent to the proposed registration prevailed. This led to proceedings which culminated in the appeals to this Court. The observations by this Court on two aspects are very pertinent. Firstly with regard to the difference between an action for passing off and action for infringement of trade mark, it observed at page 990 as follows:

While an action for passing off is a common law remedy being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another, that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of the exclusive right to the use of the trade mark in relation to those goods (Vide S. 21 of the Act). The use by the defendant of the trade mark of the plaintiff is not essential in an action for passing off, but is the sine qua non in the case of an action for infringement.

No doubt, where the evidence in respect of passing off consists merely of the colourable use of a registered trade mark, the essential features of both the actions might coincide in the sense that what would be a colourable imitation of a trade mark in a passing off action would also be such in an action for infringement of the same trade mark. But there the correspondence between the two ceases. In an action for infringement, the plaintiff must, no doubt, make out that the use of the defendant's mark is likely to deceive, but where the similarity between the plaintiff's and the defendant's mark is so close either visually, phonetically or otherwise and the court reaches the conclusion that there is an imitation, no further evidence is required to establish that the plaintiff's rights are violated. Expressed in another way, if the essential features of the trade mark of the plaintiff have been adopted by the defendant, the fact that the get-up, packing and other writing or

marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial; whereas in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff.

Secondly, while dealing with the question of burden of proof in an action for infringement of trade mark, this Court in *Durga Dutt Sharmas case* (supra) held as under:

When once the use by the defendant of the mark which is claimed to infringe the plaintiffs mark is shown to be in the course of trade, the question whether there has been an infringement is to be decided by comparison of the two marks. Where the two marks are identical no further questions arise; for then the infringement is made out. When the two marks are not identical, the plaintiff would have to establish that the mark used by the defendant so nearly resembles the plaintiffs registered trade mark as is likely to deceive or cause confusion and in relation to goods in respect of which it is registered (Vide S. 21). A point has sometimes been raised as to whether the words or cause confusion introduce any element which is not already covered by the words likely to deceive and it has some times been answered by saying that it is merely an extension of the earlier test and does not add very materially to the concept indicated by the earlier words likely to deceive. But this apart, as the question arises in an action for infringement the onus would be on the plaintiff to establish that the trade mark used by the defendant in the course of trade in the goods in respect of which his mark is registered, is deceptively similar. This has necessarily to be ascertained by a comparison of the two marks the degree of resemblance which is necessary to exist to cause deception not being capable of definition by laying down objective standards. The persons who would be deceived are, of course, the purchasers of the goods and it is the likelihood of their being deceived that is the subject of consideration. The resemblance may be phonetic, visual or in the basic idea represented by the plaintiffs mark. The purpose of the comparison is for determining whether the essential features of the plaintiffs trade mark are to be found in that used by the defendant. The identification of the essential features of the mark is in essence a question of fact and depends on the judgment of the Court based on the evidence led before it as regards the usage of the trade. It should, however, be borne in mind that the object of the enquiry in ultimate analysis is whether the mark used by the defendant as a whole is deceptively similar to that of the registered mark of the plaintiff.

Dealing once again with medicinal products, this Court in *F. Hoffmann-La Roche & Co. Ltd. Vs. Geoffrey Manner & Co. Pvt. Ltd.*, 1969(2) SCC 716 had to consider whether the words Protovit belonging to the appellant was similar to the word Dropovit of the respondent. This Court, while deciding the test to be applied, observed at page 720 as follows:

The test for comparison of the two word marks were formulated by Lord Parker in Pianotist Co. Ltd.s application as follows:

You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion, that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods-then you may refuse the registration, or rather you must refuse the registration in that case.

It is necessary to apply both the visual and phonetic tests. In *Aristoc Ltd. v. Rysta Ltd.* the House of Lords was considering the resemblance between the two words "Aristoc and Rysta. The view taken was that considering the way the words were pronounced in English, the one was likely to be mistaken for the other. Viscount Maugham cited the following passage of Lord Justice Lukmoore in the Court of Appeal, which passage, he said, he completely accepted as the correct exposition of the law:

The answer to the question whether the sound of one word resembles too nearly the sound of another so as to bring the former within the limits of Section 12 of the Trade Marks Act, 1938, must nearly always depend on first impression, for obviously a person who is familiar with both words will neither be deceived nor confused. It is the person who only knows the one word and has perhaps an imperfect recollection of it who is likely to be deceived or confused. Little assistance, therefore, is to be obtained from a meticulous comparison of the two words, letter by letter and syllable by syllable, pronounced with the clarity to be expected from a teacher of elocution. The Court must be careful to make allowance for imperfect recollection and the effect of careless pronunciation and speech on the part not only of the person seeking to buy under the trade description, but also of the shop assistant ministering to that persons wants.

It is important that the marks must be compared as wholes. It is not right to take a portion of the word and say that because that portion of the word differs from the corresponding portion of the word in the other case there is no sufficient similarity to cause confusion. The true test is whether the totality of the proposed trade mark is such that it is likely to cause deception or confusion or mistake in the minds of persons accustomed to the existing trade mark. Thus in *Lavroma* case Lord Johnston said:

we are not bound to scan the words as we would in a question of comparatio literarum. It is not a matter for microscopic inspection, but to be taken from the general and even casual point of view of a customer walking into a shop."

On the facts of that case this Court came to the conclusion that taking into account all circumstances the words Protovit and Dropovit were so dissimilar that there was no reasonable probability of confusion between the words either from visual or phonetic point of view.

Our attention was drawn to a recent judgment of this Court in S.M. Dyechem Ltd. Vs. Cadbury (India) Ltd. (2000) 5 SCC 573 where in a passing off action, the plaintiff, which was carrying on the business under the mark of Piknik, filed a suit for injunction against the defendant which was using the mark of Picnic for some other chocolates sold by it. On the allegation that the defendants mark was deceptively similar, the trial court had issued an injunction which was reversed by the High Court. On appeal, the decision of the High Court was affirmed.

One of the questions, which this Court considered, was that for grant of temporary injunction, should the Court go by the principle of prima facie case, apart from balance of convenience, or comparative strength of the case of either parties or by finding out if the plaintiff has raised a triable issue. While considering various decisions on the point in issue, this Court rightly concluded at page 591 as follows:

Therefore, in trade mark matters, it is now necessary to go into the question of comparable strength of the cases of either party, apart from balance of convenience.

On merits of the case, this Court took note of some English decisions and observed in Dyechems case (supra) at page 594 that where common marks are included in the rival trade marks, more regard is to be paid to the parts not common and the proper course is to look at the marks as a whole, but at the same time not to disregard the parts which are common. This Court sought to apply the principle that dissimilarity in essential features in devices and composite marks are more important than some similarity. This Court, after considering various decisions referred to hereinabove, observed in Dyechems case (supra) at page 596 as follows:

Broadly, under our law as seen above, it can be said that stress is laid down on common features rather than on differences in essential features, except for a passing reference to a limited extent in one case.

Notwithstanding the aforesaid observations this Court in Dyechems case (supra) proceeded to observe as follows:

It appears to us that this Court did not have occasion to decide, as far as we are able to see, an issue where there were also differences in essential features nor to consider

the extent to which the differences are to be given importance over similarities. Such a question has arisen in the present case and that is why we have referred to the principles of English Law relating to differences in essential features which principles, in our opinion, are equally applicable in our country.

We are unable to agree with the aforesaid observations in Dyechems case (supra). As far as this Court is concerned, the decisions in the last four decades have clearly laid down that what has to be seen in the case of a passing off action is the similarity between the competing marks and to determine whether there is likelihood of deception or causing confusion. This is evident from the decisions of this Court in the cases of National Sewing Thread Co. Ltd.s case (supra), Corn Products Refining Companys case (supra), Amritdhara Pharmacys case (supra), Durga Dutt Sharmas case (supra), Hoffmann-La Roche & Co. Ltd.s case (supra). Having come to the conclusion, in our opinion incorrectly, that the difference in essential features is relevant, this Court in Dyechems case (supra) sought to examine the difference in the two marks Piknic and Picnic. It applied three tests, they being 1) is there any special aspect of the common feature which has been copied ? 2) mode in which the parts are put together differently i.e. whether dissimilarity of the part or parts is enough to make the whole thing dissimilar and 3) whether when there are common elements, should one not pay more regard to the parts which are not common, while at the same time not disregarding the common parts ?. In examining the marks, keeping the aforesaid three tests in mind, it came to the conclusion, seeing the manner in which the two words were written and the peculiarity of the script and concluded that the above three dissimilarities have to be given more importance than the phonetic similarity or the similarity in the use of the word PICNIC for PIKNIK.

With respect, we are unable to agree that the principle of phonetic similarity has to be jettisoned when the manner in which the competing words are written is different and the conclusion so arrived at is clearly contrary to the binding precedent of this Court in Amritdharas case (supra) where the phonetic similarity was applied by judging the two competing marks. Similarly, in Durga Dutt Sharmas case (supra), it was observed that in an action for infringement, the plaintiff must, no doubt, make out that the use of the defendants mark is likely to deceive, but where the similarity between the plaintiffs and the defendants mark is so close either visually, phonetically or otherwise and the court reaches the conclusion that there is an imitation, no further evidence is required to establish that the plaintiffs rights are violated.

Lastly, in Dyechems case (supra), it was observed in para 54 as under:

As to scope of a buyer being deceived, in a passing-off action, the following principles have to be borne in mind. Lord Romer, L.J. has said in Payton & Co. Vs. Snelling, Lampard & Co. (1900) 17 RPC 48 that it is a misconception to refer to the confusion that can be created upon an ignorant customer that the courts ought to think of in these cases is the customer who knows the distinguishing characteristics of the plaintiffs goods, those characteristics which distinguish his goods from other goods in

the market so far as relates to general characteristics. If he does not know that, he is not a customer whose views can properly be regarded by the Court. (See the cases quoted in *N.S. Thread & Co. Vs. Chadwick & Bros.* AIR 1948 Mad 481 which was a passing-off action.) In *Schweppes Case* (1905) 22 RPC 601 (HL) Lord Halsbury said, if a person is so careless that he does not look and does not treat the label fairly but takes the bottle without sufficient consideration and without reading what is written very plainly indeed up the face of the label, you cannot say he is deceived.

These observations appear to us to be contrary to the decision of this Court in *Amritdharas case* (supra) where it was observed that the products will be purchased by both villagers and townfolk, literate as well as illiterate and the question has to be approached from the point of view of a man of average intelligence and imperfect recollection. A trade may relate to goods largely sold to illiterate or badly educated persons. The purchaser in India cannot be equated with a purchaser of goods in England. While we agree that in trade mark matters, it is necessary to go into the question of comparable strength, the decision on merits in *Dyechems case* (supra) does not, in our opinion, lay down correct law and we hold accordingly.

It will be useful to refer to some decisions of American Courts relating to medicinal products. In the case of *American Cynamid Corporation Vs. Connaught Laboratories Inc.*, 231 USPQ 128 (2nd Cir. 1986), it was held as under:

Exacting judicial scrutiny is required if there is 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 may here be noticed that Schedule H drugs are those which can be sold by the chemist only on the prescription of the Doctor but Schedule L drugs are not sold across the counter but are sold only to the hospitals and clinics. Nevertheless, it is not un-common that because of lack of competence or otherwise, mistakes can arise specially where the trade marks are deceptively similar. In *Blansett Pharmaceuticals Co. Vs. Carmick Laboratories Inc.*, 25 USPQ 2nd, 1473 (TTAB 1993), it was held as under:

Confusion and mistake is likely, even for prescription drugs prescribed by doctors and dispensed by pharmacists, where these similar goods are marketed under marks which look alike and sound alike.

In the case of *Glenwood Laboratories, Inc. Vs. American Home Products Corp* reported in 173 USPQ 19(1972) 455 F. Reports 2d, 1384(1972), the Court of the United State had held that:

The fact that confusion as to prescription drugs could produce harm a contrast to confusion with respect to non-medicinal products as an additional consideration of

the Board as is evident from that portion of the opinion in which the Board stated: The products of the parties are medicinal and applicants product is contraindicated for the disease for which opposers product is indicated. It is apparent that confusion or mistake in filling a prescription for either product could produce harmful effects. Under such circumstances, it is necessary for obvious reasons, to avoid confusion or mistake in the dispensing of the pharmaceuticals.

The boards view that a higher standard be applied to medicinal products finds support in previous decisions of this Court, *Clifton Vs. Plough* 341, F.2d 934, 936, 52, CCPA 1045, 1047 (1965) (It is necessary for obvious reasons, to avoid confusion in the dispensing of pharmaceuticals), *Campbell Products, Inc. Vs. John Wyeth & Bro. Inc.*, 143, F. 2d 977, 979, 31 CCPA 1217 (1944) it seems to us that where ethical goods are sold and careless use is dangerous, greater care should be taken in the use of registration of trade marks to assure that no harmful confusion results) In the case of *R.J. Strassenburgh Co. Vs. Kenwood Laboratories, Inc.* reported in 106 USPQ 379, as noted in the decision of *Morgenstern Chemical Companys case (supra)*, it had been held that:

Physicians are not immune from confusion or mistake. Further more it is common knowledge that many prescriptions are telephoned to the pharmacists and others are handwritten, and frequently handwriting is not unmistakably legible. These facts enhance the chances of confusion or mistake by the pharmacists in filling the prescription if the marks appear too much alike when handwritten or sound too much alike when pronounced."

The drugs have a marked difference in the compositions with completely different side effects, the test should be applied strictly as the possibility of harm resulting from any kind of confusion by the consumer can have unpleasant if not disastrous results. The courts need to be particularly vigilant where the defendants drug, of which passing off is alleged, is meant for curing the same ailment as the plaintiffs medicine but the compositions are different. The confusion is more likely in such cases and the incorrect intake of medicine may even result in loss of life or other serious health problems. In this regard, reference may usefully be made to the case of *Glenwood Laboratories, Inc. Vs. American Home Products Corp.*, 173 USPQ 19(1972) 455 F.Reports 2d, 1384(1972), where it was held as under:

The products of the parties are medicinal and applicants product is contraindicated for the disease for which opposers product is indicated. It is apparent that confusion or mistake in filling a prescription for either product could produce harmful effects. Under such circumstances, it is necessary for obvious reasons, to avoid confusion or mistake in the dispensing of the pharmaceuticals.

It was further submitted on behalf of the appellant that although the possibility of confusion in a drug being sold across the counter may be higher, the fact that a drug

is sold under prescription or only to physicians cannot by itself be considered a sufficient protection against confusion. The physicians and pharmacists are trained people yet they are not infallible and in medicines, there can be no provisions for mistake since even a possibility of mistake may prove to be fatal.

As far as present case is concerned, although both the drugs are sold under prescription but this fact alone is not sufficient to prevent confusion which is otherwise likely to occur. In view of the varying infrastructure for supervision of physicians and pharmacists of medical profession in our country due to linguistic, urban, semi-urban and rural divide across the country and with high degree of possibility of even accidental negligence, strict measures to prevent any confusion arising from similarity of marks among medicines are required to be taken.

Here, it will be useful to refer to the decision of *Morgenstern Chemical Company's* case (*supra*) where it has been held as under:

[5] In the field of medical products, it is particularly important that great care be taken to prevent any possibility of confusion in the use of trade marks. The test as to whether or not there is confusing similarity in these products even if prescribed and dispensed only by professionally trained individuals does not hinge on whether or not the medicines are designed for similar ailments. The rule enunciated by Judge Helen in *Cole Chemical Co. Vs. Cole Laboratories* D.C. Mo. 1954, 118F. Supp. 612, 616, 617, 101, USPQ 44,47,48, is applicable here:

Plaintiff and defendant are engaged in the sale of medical preparations. They are for ultimate human consumption or use. * * * They are particularly all for ailments of the human body. Confusion in such products can have serious consequences for the patient. Confusion in medicines must be avoided. * * * * Prevention of confusion and mistakes in medicines is too vital to be trifled with. The observations made by Assistant Commissioner Leeds of the Patent Office in *R.J. Strassenburgh Co. Vs. Kenwood Laboratories, Inc.* 1955, 106 USPQ 379, 380 are particularly apt, that Physicians are not immune from confusion or mistake. Further more it is common knowledge that many prescriptions are telephoned to the pharmacists and others are handwritten, and frequently handwriting is not unmistakably legible. These facts enhance the chances of confusion or mistake by the pharmacists in filling the prescription if the marks appear too much alike when handwritten or sound too much alike when pronounced."

The defendant concedes that physicians and pharmacists are not infallible but urges that the members of these professions are carefully trained to detect differences in the characteristics of pharmaceutical products. While this is doubtless true to do not open the door to the adoption by manufacturers of medicines of trade marks or names which would be confusingly similar to anyone not exercising such great care. For physicians and pharmacists are human and in common with the rest of mankind

are subject to human frailties. In the field of medicinal remedies the courts may not speculate as to whether there is a probability of confusion between similar names. If there is any possibility of such confusion in the case of medicines public policy requires that the use of the confusingly similar name be enjoined (See Lambert Pharmacol Ltd. Vs. Bolton Chemical Corporation DCNY 1915, 219 F. 325.326.

In the book titled as McCarthy on Trade Marks, it is observed in the footnote at page 23-70 as under:

Physicians and Pharmacists are knowledgeable in their fields does not mean they are equally knowledgeable as to marks and immune from mistaking one mark from another. (Schering Corp Vs. Alza Corp reported in 207 USPQ 504 (TTAB 1980)) In the case of Syntex Laboratories Inc. Vs. Norwich Pharmacal Co. reported in 169 USPQ 1(2nd Cr. 1971), it is observed as under:

Stricter standard in order to prevent likelihood of confusion is desirable where involved trade marks are applied to different prescription pharmaceutical products and where confusion result in physical harm to consuming public.

Trade mark is essentially adopted to advertise ones product and to make it known to the purchaser. It attempts to portray the nature and, if possible, the quality of the product and over a period of time the mark may become popular. It is usually at that stage that other people are tempted to pass off their products as that of the original owner of the mark. That is why it is said that in a passing off action, the plaintiffs right is against the conduct of the defendant which leads to or is intended or calculated to lead to deception. Passing off is said to be a species of unfair trade competition or of actionable unfair trading by which one person, through deception, attempts to obtain an economic benefit of the reputation which other has established for himself in a particular trade or business. The action is regarded as an action for deceit. (See Wander Ltd. Vs. Antox India Pvt Ltd., 1990 Supl. SCC 727.

Public interest would support lesser degree of proof showing confusing similarity in the case of trade mark in respect of medicinal product as against other non-medicinal products. Drugs are poisons, not sweets. Confusion between medicinal products may, therefore, be life threatening, not merely inconvenient. Noting the frailty of human nature and the pressures placed by society on doctors, there should be as many clear indicators as possible to distinguish two medicinal products from each other. It is not uncommon that in hospitals, drugs can be requested verbally and/or under critical/pressure situations. Many patients may be elderly, infirm or illiterate. They may not be in a position to differentiate between the medicine prescribed and bought which is ultimately handed over to them. This view finds support from McCarthy on Trade Marks, 3rd Edition, para 23.12 of which reads as under:

The tests of confusing similarity are modified when the goods involved are medicinal products. Confusion of source or product between medicinal products may produce physically harmful results to purchasers and greater protection is required than in the ordinary case. If the goods involved are medicinal products each with different effects and designed for even subtly different uses, confusion among the products caused by similar marks could have disastrous effects. For these reasons, it is proper to require a lesser quantum of proof of confusing similarity for drugs and medicinal preparations. The same standard has been applied to medical products such as surgical sutures and clavicle splints.

The decisions of English Courts would be relevant in a country where literacy is high and the marks used are in the language which the purchaser can understand. While English cases may be relevant in understanding the essential features of trade mark law but when we are dealing with the sale of consumer items in India, you have to see and bear in mind the difference in situation between England and India. Can English principles apply in their entirety in India with no regard to Indian conditions? We think not. In a country like India where there is no single common language, a large percentage of population is illiterate and a small fraction of people know English, then to apply the principles of English law regarding dissimilarity of the marks or the customer knowing about the distinguishing characteristics of the plaintiffs goods seems to over look the ground realities in India. While examining such cases in India, what has to be kept in mind is the purchaser of such goods in India who may have absolutely no knowledge of English language or of the language in which the trade mark is written and to whom different words with slight difference in spellings may sound phonetically the same. While dealing with cases relating to passing off, one of the important tests which has to be applied in each case is whether the misrepresentation made by the defendant is of such a nature as is likely to cause an ordinary consumer to confuse one product for another due to similarity of marks and other surrounding factors. What is likely to cause confusion would vary from case to case. However, the appellants are right in contending that where medicinal products are involved, the test to be applied for adjudging the violation of trade mark law may not be at par with cases involving non-medicinal products. A stricter approach should be adopted while applying the test to judge the possibility of confusion of one medicinal product for another by the consumer. While confusion in the case of non-medicinal products may only cause economic loss to the plaintiff, confusion between the two medicinal products may have disastrous effects on health and in some cases life itself. Stringent measures should be adopted specially where medicines are the medicines of last resort as any confusion in such medicines may be fatal or could have disastrous effects. The confusion as to the identity of the product itself could have dire effects on the public health.

Keeping in view the provisions of Section 17-B of the Drugs and Cosmetics Act, 1940 which inter alia indicates an imitation or resemblance of another drug in a manner likely to deceive being regarded as a spurious drug it is but proper that before

granting permission to manufacture a drug under a brand name the authority under that Act is satisfied that there will be no confusion or deception in the market. The authorities should consider requiring such an applicant to submit an official search report from the Trade Mark office pertaining to the trade mark in question which will enable the drug authority to arrive at a correct conclusion.

Broadly stated in an action for passing off on the basis of unregistered trade mark generally for deciding the question of deceptive similarity the following factors to be considered:

- 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 resemblance between the marks, phonetically similar and hence 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 and
- g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

Weightage to be given to each of the aforesaid factors depends upon facts of each case and the same weightage cannot be given to each factor in every case.

The trial court will now decide the suit keeping in view the observations made in this judgment. No order as to costs.

Appeal is disposed of.