

Dr. Reddy's Laboratory Ltd. vs Reddy Pharmaceuticals Ltd. on 13 September, 2013

Author: M.L. Mehta

Bench: M.L. Mehta

* THE HIGH COURT OF DELHI AT NEW DELHI

+ C.S. (OS) No. 2194/2003

Date of Decision: 13 .09.2013

DR. REDDY'S LABORATORY LTD.

.....Plaintiff

Through: Mr. N.K Kaul, Sr. Adv with
Mr Neel Mason, Ms Vrinda
Sharma, Ms Sabia Veqar and
Ms Vasudha, Advs

Versus

REDDY PHARMACEUTICALS LTD.

.....Defendant

Through: Mr. Shanti Bhushan, Sr. Adv,
with Mr. V.S Reddy, Mr.
Kartik Seth, and Mr. S.
Prakash Kashyap, Advs

CORAM:
HON'BLE MR. JUSTICE M.L. MEHTA

M.L. MEHTA, J.

1. The plaintiff has filed this suit seeking permanent injunction restraining passing off, infringement of copyright, rendition of accounts of profits, damages, cost and delivery up of infringing goods. The plaintiff's case is as follows:

2. The plaintiff, Dr. Reddy's Laboratories Ltd., is a company incorporated under the provisions of the Companies Act, 1956, having its registered office at Ameerpet, Hyderabad. The plaintiff submits that it is presently India's second largest pharmaceutical company, and an emerging global pharmaceutical house with the distinction of being the only non-Japanese pharma company in the Asia-Pacific Region to have its shares listed in the New York Stock Exchange.

3. The plaintiff submits that it was set up in the year 1993 and since then has filed various patents in India and abroad in the course of cancer, diabetes and other areas of research, thereby achieving a recognition and esteem for its research and development in the field of pharmaceuticals. The

plaintiff also submits that it has acquired world class expertise in the development of organic intermediaries, active pharmaceutical ingredients (bulk drugs) and finished dosages, that it is conducting new research at state of the art facilities in Atlanta, USA and Hyderabad, India; and that it exports bulk drugs and finished dosage formulations to over hundred countries. Its drugs namely, OMEZ, NISE, ENAM, STAMLO, CIPROLET, RECLIDE and STAMLO BETA purportedly figure among the top 300 brands in India.

4. The plaintiff submits that its trading style, Dr. Reddy's Laboratories Ltd., is now synonymous with high quality pharmaceutical preparations worldwide. The essential feature of the trading style is purported to be "REDDY" and has supposedly created an association of the trademark REDDY with the products of the plaintiff, that it has been conscious in promoting the brand image of its trading style which appears on all the products that the plaintiff manufactures and markets. In order to promote and protect its brand image and also attractively package it, the plaintiff submits that it has adopted a logo comprising a symbol representing „a man with outstretched arms“ used along with the word mark "Dr. Reddy's". The plaintiff claims that the said work/logo was an original artistic work within the meaning of Section 2(c) of the Copyright Act. The said work was formally assigned to the plaintiff by way of an assignment deed dated December 18, 2002 and the plaintiff claims to be the proprietor of the said copyright with the exclusive right to use the said logo.

5. The plaintiff submits that the defendant, Reddy Pharmaceuticals Ltd., is a company that was initially carrying on the business of purchasing various pharmaceutical ingredients from the plaintiff and supplying them to other formulators since the year 1997, that the defendant, at no stage, was engaged in purchasing, with the purpose of creating or marketing its own finished dosage brands. Hence the activities of the defendant are purported to have been in the nature of distributorship/agency supplying the active pharmaceutical ingredients manufactured by the plaintiff to formulators without changing the packing or the label. Consequently, the plaintiff claims that the above-mentioned activities of the defendant were not detrimental to the plaintiff and therefore, no objection was raised to the use of Reddy Pharmaceutical Ltd. as the name of the defendant company. It is also pertinent to note that the defendant was appointed as the plaintiff's commercial Delcredere Agent for a period of one year starting from April 1, 2003 for marketing the products to the customers of the plaintiff in the northern region.

6. The plaintiff submits that in the third week of September 2003, it was astonished to learn that the defendant had gone beyond its initial foray of being a mere supplier of active pharmaceutical ingredients and had now entered the field of marketing pharmaceutical preparations in finished dosage forms under different brand names, thus taking advantage of the goodwill that had accrued upon the plaintiff's trademark Dr. Reddy's. It also submits that a mere perusal of the packing of the products marketed by the defendant makes evident, the dishonest intention of the defendant to ride upon the success and goodwill of the plaintiff. The plaintiff contends that the defendant has deliberately adopted the packing in such a way specifically targeting the consumers with imperfect recollection to believe that its products originate from the plaintiff.

7. The plaintiff submits that the following actions are testimony to the dishonest intention of the defendant to pass off its goods as those of the plaintiff's -

- a) The defendant prominently displays the trading name REDDY on its products in such a manner that its trading name is more prominent than the brand name of the drug.
- b) Despite not having its own manufacturing or research facilities, the defendant prominently displays its trade name; which is not common place in the industry.
- c) The defendant's logo is deceptively similar to the plaintiff's
- d) Despite carrying on its regular course of business from Delhi, the carton of the defendant's products contain the address of Ameerpet, Hyderabad; the same area where the plaintiff carries on business.
- e) The defendant's drug, OMRE is deceptively similar to the plaintiff's drug OMEZ, which is a leading brand of Omeprazole in India. The get-up of the defendant's packaging is also similar to the plaintiff's.
- f) Similarly, the defendant's drug RECOLITE is also deceptively similar to the plaintiff's MUCOLITE.

8. The plaintiff further submits that it has presence on the internet through websites having the domain names, www.drreddys.com, www.myreddys.com, www.reddyus.com and www.drreddys.ru. The plaintiff contends that the defendant has adopted the domain name www.ReddyLimited.com. Though the above-mentioned website does not appear to be in operation, the plaintiff claims that it is clear that the defendant is trying to adopt a deceptively similar domain name with a view to promote its pharmaceutical products as those of the plaintiff's.

9. The plaintiff submits that in an effort to amicably resolve the matter, its representatives contacted the managing Director of the Defendant, and informed him that the adoption of the impugned mark amounted to infringement of the exclusive rights of the plaintiff and that the defendant should change its company name and not to continue the use of the deceptively similar name, logo packing etc. As a result, the plaintiff states that the defendant agreed to change the packing of all the products marketed by them and remove the said deceptively similar logo and get up. However, the defendant remained silent on the issue of the use of the impugned trademark REDDY for its products. Thereafter, the plaintiff states that the defendant did not comply with this understanding, and after various reminders by the plaintiff, and extensions of time sought by the defendant, it purportedly became clear to the plaintiff that the defendant had no intention to discontinue the use of the infringing trading style and was merely buying time. Having no other option, the plaintiff submits that it approached this Court and filed the present suit.

10. The plaintiff contends that the trademark/trading style Dr. Reddy's has acquired distinctiveness and is associated only with the plaintiff's products. Further, the essential feature of the plaintiff's trading style is purported to be „REDDY” and consequently, the adoption of a similar trademark or trade name by any entity is bound to cause confusion as to the source or origin of the drugs. And

that the use of a deceptively similar logo would amount to an infringement of copyright that vests in the plaintiff. The plaintiff contends that the defendant has misappropriated its trademark and are prominently displaying the trading style „REDDY in a manner more distinctive than the brand name of the product itself, only to suggest that the products originated from the plaintiff. It also submits that the likelihood of confusion is higher as the area of business of the two parties is the same, i.e. marketing of pharmaceutical preparations in finished dosage forms.

11.The plaintiff submits that the cause of action arose in September 2003, when it came to know that the defendant has also adopted a similar trade name in respect of pharmaceutical goods. The cause of action further arose in November 2003, when the representatives of both the parties had a meeting to amicably settle the dispute and when it was not resolved. The cause of action further arose on December 1, 2003, when the plaintiff received a letter from the defendant referring to the conversations in the meetings held between the parties. And that the cause of action is a continuous and a recurring one, and continues to arise on a day to day basis. The plaintiff further submits that this Court has the jurisdiction to try the present suit as the defendant resides and carries on business in Delhi.

12.The defendant filed its written statement, taking the following preliminary objections. The present suit is misconceived and is liable to be dismissed for want of cause of action, as the plaintiff cannot claim any monopolistic proprietary right in a common surname such as REDDY; that it has a bona fide statutory right to use the impugned trade name which is the surname of the Managing Director of the defendant; and that since the plaintiff s do not have a registered trade mark, they are not entitled to claim a monopoly over the trade name REDDY.

13.The defendant submits that the suit does not make out a case of passing off as the plaintiff is claiming a proprietary right in the mark "Dr. Reddy s" and not "REDDY". It is further submitted that the competing packaging have nothing in common in terms of the get-up, colour combination or lay-out and thus is unlikely to cause confusion in the minds of the purchasing public. The defendant further submits that the drugs in question are scheduled drugs, which are dispensed with by trained and qualified pharmacists and chemists on medical prescriptions that are issued by qualified physicians; and are not over-the-counter drugs, that are purchased by the consumers exercising their own discretion.

14.The defendant submits that both parties are using their surname as house mark, which is claimed to be a common trade practice in pharmaceutical trade. In furtherance of this contention, the defendant has given certain examples such as; Jagsonpal Pharmaceuticals Ltd., that uses the trade mark "Jagsonpal"; Dabur India Ltd, that uses the trade mark "Dabur". Likewise, the defendant also claims that they have used the trade name REDDY in conformity with the said trade practice. And that this adoption of the house mark "REDDY" by the defendant is bona fide.

15.It is also submitted by the defendant that the present suit is mala fide in nature, which was filed in order to cause harm to the defendant. In furtherance of this contention, the defendant submits that it entered into an agreement with the defendant on April 1, 2003 for supply of bulk drugs. Vide letter dated December 12, 2003, the plaintiff terminated this agreement, raising a claim of

Rs.1,65,90,873/- (Rupees One Crore, Sixty Five Lakhs, Ninety Thousand, Eight Hundred and Seventy Three Only). The defendant alleges that the said letter terminating the agreement was posted on December 18, 2003, which was also the date of filing of the present suit. It is alleged that the present suit was filed so as to pressurize the defendant to pay the said amount. The defendant submits that it has already paid a sum of Rupees Two Crores to the plaintiff during October-December 2003, even though the plaintiff has failed to execute pending orders.

16. The defendant submits that it has been carrying on the business of marketing pharmaceutical preparations since the year 1996 under its current name "Reddy Pharmaceuticals Limited". It is further submitted that the plaintiff was aware of the adoption of the said name since 1997, which was when the defendant started carrying on business with the plaintiff. The defendant contends that the plaintiff, since that time, did not raise any objection to the use of the mark REDDY as the key and essential feature of the defendant's trade mark. Thus, it is submitted that the plaintiff is estopped from raising an objection at this stage and that any objection should have been brought up at the threshold of the defendant's adopting the impugned trade name. Thus, it is submitted that on the grounds of acquiescence and estoppel, the suit is liable to be dismissed.

17. The defendant admits that the representatives of the two parties met and discussed the possibility of amicably resolving the dispute. However, the defendant submits that in the said meeting, the plaintiff's representative did not raise any issue about the use of trademark/trade name „REDDY“ by the defendant in relation to drug formulations. The discussions were purportedly confined to plaintiff's objection to the use of caricature on labels of the defendant's product „RENIM SUSPENSION“; and that no other discussion pertaining to the use of the impugned trademark took place.

18. The defendant submits that it has no intention to discontinue the use of the impugned trademark, since it claims to have a legitimate right to use the same. The defendant further states that it has not used the plaintiff's trademark or trading style i.e. "DR. REDDY's" nor has it copied the plaintiff's logo on any of its packing. It also submits that the packing and get-up of its products is different from that of the plaintiff's and that there is no question of deceptive similarity.

19. Vide Order dated August 26, 2004, this Court granted an interim injunction under Order XXXIX Rule 1 and 2, in favour of the plaintiff, restraining the defendant from using the trademark or name "REDDY" on their pharmaceutical preparations. The defendant was also restrained from copying the get-up and the lay-out of the plaintiff's product, and also from using the plaintiff's logo. The defendant was also restrained from using any domain name which contains the word "REDDY" for marketing and sale of its pharmaceutical preparations. It is also pertinent to note that the defendant preferred an appeal against the said Order before the Division Bench of this Court, which was dismissed vide Order dated October 12, 2007. The interim injunction against the defendant is still in subsistence.

20. Vide Order dated November 7, 2005, the following issues were framed for trial:

1. Whether the plaint has been signed and verified by a competent person? OPD

2. Whether the plaintiff is the proprietor of the trademark "REDDY" in respect of pharmaceutical products? OPP

3. Whether the use of the trademark and also trade name "REDDY" by the defendants in relation to their pharmaceutical products is likely to cause confusion or deception amounting to passing off? OPP

4. Whether the plaintiff is the proprietor of the copyright in the logo as described in paragraph 9 of the plaint? If yes, whether the use of the logo by the defendant is substantially similar to the logo of the plaintiff as described in paragraph 9 of the plaint, amounting to infringement of the said copyright? OPP

5. Whether the plaintiff is the proprietor of the copyright in the get-up, lay-out and colour combination of its OMEZ strips as described in paragraph 15(iv) of the plaint? If yes, whether the use of a get-up, lay-out and colour combination by the defendants on its medical products, bearing the trademark OMRE, amounts to infringement of the copyright that vests with the plaintiff in its OMEZ strips as described in paragraph 15(iv) of the plaint? OPP

6. Whether the use of the domain name, www.ReddyLimited.com by the defendant amounts to passing off? OPP

7. Whether the suit is liable to be dismissed on account of delay, laches and acquiescence? OPD

8. Whether the plaintiff is entitled to rendition of accounts, profits and damages? If so, how much? OPP

9. Relief

21. I have heard the counsels for the parties and also perused through the documents placed on record. Issue wise findings are as follows:

Issue 1:

22. The plaintiff has passed a Board Resolution dated October 28, 2003, severally authorizing various company officials to institute legal proceedings on behalf of the plaintiff company. The said resolution is placed on record as Ex. PW1/1. Sh. N. L. Narasimha Das, one of the authorized officials has instituted the instant suit on behalf of the plaintiff. He has filed his affidavit, which is also placed on record as Ex. PW1/A. It is seen from Ex. PW1/1, the Board Resolution authorizes Sh. Narasimha Das, to institute, prosecute or defend civil, criminal or other legal proceedings and also tender evidence on behalf of the plaintiff. In light of the above, this issue is decided in favour of the plaintiff.

23. Since Issue no. 7 pertains to the preliminary objection regarding dismissal of the suit on the ground of delay, laches and acquiescence, I find it pertinent to decide this issue before proceeding to the other Issues on merits.

Issue 7:

24. The defendant has contended that it has been carrying on business in the name and style of "REDDY PHARMACEUTICALS LTD." since the year 1996 and has also been carrying on business under the same name and style with the plaintiff since the year 1997. The defendant argues that the plaintiff was always aware of the adoption of the impugned trademark by the defendant and contends that the plaintiff should have raised an objection when it came to know of the defendant's adoption of the impugned trademark/trade name. Instead, by the plaintiff's own admission, it decided to engage the defendant as its del credere agent. However, it is also pertinent to note that the plaintiff has stated that the defendant was only procuring active pharmaceutical ingredients from the plaintiff and supplying them to other formulators and hence was not in direct competition with the plaintiff.

25. Meanwhile, the defendant has submitted that it was initially carrying on business of purchase and supply of active pharmaceutical ingredients from the plaintiff since 1997. However, it states that in the year 2002, it decided to expand its business into formulation of drugs and had also circulated various newspaper advertisements to this effect, in the year 2002. Thus, the defendant contends that the plaintiff cannot claim that it only came to know of the defendant's impugned adoption of the trading style only in September 2003, thereby constituting acquiescence on the plaintiff's part. The defendant has placed on record, the relevant newspaper clippings 2003 in the Times of India Newspaper at various cities such as Bombay, Pune, Bangalore, Hyderabad, and Lucknow dated March 5; Hindustan (Hindi), Patna dated March 8, 2003; The Telegraph, Kolkata dated March 8, 2003; Samaj (Oriya), Cuttack dated March 9, 2003; The Assam Tribune dated March 9, 2003.

26. In light of the facts and circumstances of the case, it cannot be held that the plaintiff acquiesced to the adoption of the impugned trademark/trade name by the defendants. Firstly, there is considerable force in the plaintiff's argument that there was no cause for concern regarding the defendant en-cashing upon the goodwill of the plaintiff by adopting the impugned trademark/trade name, as long as it was not in the same line of business i.e. marketing and sale of finished drug formulations. In fact, the plaintiff engaged the defendant as its del credere agent on April 1, 2003. However, it is seen that when the plaintiff was made aware of the defendant's proposal to expand its business and launch its „Generic Pharmaceuticals Formulation Division“ as advertised in the newspaper clippings placed on record, the plaintiff immediately raised objections and held meetings with the defendant. And when the parties couldn't arrive at an amicable solution, the plaintiff promptly instituted the instant suit.

27. At this juncture, it is pertinent to take note of the Order dated August 26, 2004, wherein this Court had looked into the defendant's contention regarding acquiescence and laches by the plaintiff, at the preliminary stage of this suit, before granting the interim injunction in favour of the plaintiff. This Court observed:

"This plea of the defendant is also prima facie untenable for the reason that till August 2003, there was no clash of interest between the plaintiff and the defendant company and in fact, the defendant was engaged in advancing and promoting the business of the plaintiff company, by acting as its agent for the sale of bulk drugs. The threat came in August 2003, when the defendant introduced in the market, its pharmaceutical preparations and thereby threatened the business interest of the plaintiff company. This move of the defendant was mala fide on the face of it as it was not manufacturing pharmaceutical preparations earlier but now is trying to market the pharmaceutical preparations manufactured by others under the trademark "REDDY". The plaintiff immediately raised objections, meetings were held, and when nothing came out, the plaintiff rushed to the Court. As such, there was neither any acquiescence nor any laches on the part of the plaintiff to object to the impugned action of the defendant. It cannot be said that the plaintiff has allowed the defendant to build a reputation of goodwill in trade name "REDDY" for use on pharmaceutical preparations. Moreover, the owners of trademarks or copyrights are not expected to run after every infringer and thereby remain involved in litigation at the cost of their business time. If the impugned infringement is too trivial or insignificant and is not capable of harming their business interests, they may overlook and ignore petty violations till they assume alarming proportions. If a roadside dhaba puts up a board of „Taj Hotel , the owners of Taj Group are not expected to swing into action and raise objections forthwith. They can wait till the time the user of their name starts harming their business interests and starts misleading and confusing their customers." (emphasis supplied).

28. It is also pertinent to note that the Division Bench of this Court vide Order dated October 12, 2007 has observed that the Order of the Ld. Single Judge dated August 26, 2004 was „legally unexceptionable and based on sound principles of law and a correct appreciation of the factual matrix that was presented before him. (emphasis supplied). Therefore, I do not find any reason to decide otherwise. In light of the abovementioned observations, I find this issue in favour of the plaintiff. I shall now proceed to decide the remaining Issue on Merits. I shall now proceed to decide the issues regarding passing off.

Issues 2:

29. This issue concerns the proprietary rights of the plaintiff over the trade mark REDDY. The defendant contends that during the pendency of this suit, it has procured registration of the trade mark "REDDY" in its favour. Defendant witness, Sh. Konda Raghurami Reddy, DW1, has deposed that the defendant has obtained the registration over the "REDDY" mark bearing trade mark no. 1192732, dated April 17, 2003, with respect to medicinal and pharmaceutical preparations falling under Class 05 of the Act. Meanwhile, Sh. N. L. Narasimha Das, PW1 has stated in his cross examination that the plaintiff has not filed any application for registration for the trade name "REDDY" per se, but has stated that an application has been filed for registration of the Logo "Dr. Reddy" comprising of a man with outstretched arms, which has been in use since 2001. In the Order dated August 26, 2004, this Court also recorded that the plaintiff has applied for registration of its

trademark in various countries including India; and that the registration process has only been completed in Romania.

30. The defendant vehemently argues that since it has procured registration over the "REDDY" mark in its favour, and being registered proprietor of the said mark, it has the exclusive right to use the said mark. However, I find no merit in this contention of the defendant. The position of law in this regard is well settled.

In the case of *Nirma Limited v. Nimma International & Anr.*, 2010 (42) PTC 307 (Del.), this Court, following the reasoning in the case of *N. R. Dongre v. Whirlpool Corporation*, AIR 1995 Del 300, has observed:

"It is now established that a claim for trademark infringement is maintainable when the user of the impugned mark is not a registered owner; this is facially evident from the language of Section 29 of the Trademarks Act ("the Act"). Yet, if the owner of the "junior" registered mark is, trenching on the rights of the prior user, the latter is not remediless. A joint reading of Sections 27 and 28 of the Act establish that the registration of a trade mark under the Act would be irrelevant in an action of passing off as the registration of a trade mark does not confer any new right on the proprietor thereof than what already existed at common law without registration of mark. Thus registration itself does not create a trade mark and the right exists independently of the registration, which merely affords further protection under the statute. The common law rights are left wholly unaffected and that priority in adoption and use of trademark is superior to priority in registration." (emphasis supplied)

31. Further, in the case of *Century Traders v. Roshan Lal Duggar*, AIR 1978 Del. 25, the division bench of this Court, referring to the case of *Consolidated Foods Corporation v. Brandon and Co., Private Ltd.*, AIR 1965 Bom. 35, held the following:

"A trader acquires a right of property, in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and the extent of his trade. The trader who adopts such a mark is entitled to protection directly, having assumed a vendible character is launched upon the market. Registration under the statute does not confer any new right to the mark claimed or any greater rights than what already existed at common law and at equity without registration. It does, however, facilitate a remedy which may be enforced and obtained throughout the State and it establishes the record of facts affecting the right to the mark. Registration itself does not create a trade mark. The trade mark exists independently of the registration which merely affords further protection under the Statute. Common law rights are left wholly unaffected. Priority in adoption and use of a trade mark is superior to priority in registration."

(emphasis supplied)

32. Therefore, in the instant case, even though the plaintiff is not the registered proprietor of the trade mark "REDDY", it is apparent from the documents placed on record that the plaintiff has been carrying on business under the name and style Dr. Reddy's Laboratories Pvt. Ltd. since its incorporation on February 24, 1984. The certificate of incorporation is placed on record as Ex. PW1/2. Further, the plaintiff has also placed on record various Sales Invoices for finished drug formulations for the period 1997 to 2004 as Ex. PW3/6. Even though the defendant has contended that it has been functioning under the trade name "Reddy Pharmaceutical Ltd." since the year 1996, there is nothing on record to suggest that its sphere of business was manufacturing finished drug formulations prior to plaintiff. Whereas, the plaintiff, since its incorporation is engaged in the manufacture and sale of finished drug formulations not only in India, but also in various other countries.

33. Therefore, by virtue of prior and continuous use, I find that the plaintiff has proprietary right under common law over the mark "REDDY". This issue is accordingly decided in favour of the plaintiff.

Issue 3:

34. In order to determine the outcome of Issue No. 3, we must bear in mind the test for passing off laid down in the *Cadila Healthcare Ltd. v. Cadila Pharmaceuticals Ltd.* (2001) 5 SCC 73, The Apex Court held:

"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 are 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 words.
- b) The degree of resemblance (sic: 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.

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

35. Keeping this test in mind, I shall now proceed to examine if the defendant's use of the trademark/trade name "REDDY" in relation to their pharmaceutical products is likely to cause confusion or deception amounting to passing off.

36. Placitum (a) to (d) of the test in the Cadila Case (supra) pertain to the nature of marks (word mark, label mark, etc.), degree of resemblance, nature of goods and the similarity in its character and performance. In the instant case, the rival trademarks are both word marks containing the operative term "REDDY". The plaintiff's trademark is "Dr. REDDY's" while the defendant is using only the term "REDDY" followed by the word "Pharmaceuticals" as subscript. There is no doubt that they are phonetically similar to the extent that they are identical and are also used for the same nature of goods i.e. medicinal products under Class 05 of the Act. Moreover, the drugs for which the rival marks are used are also similar in composition. For instance, the plaintiff's OMEZ and the defendant's OMRE both contain Omeprazole. Therefore, it is apparent to me that placitum

(a) to (d) of the test laid down in the Cadila Case (supra) are prima facie fulfilled.

37. However, with regard to the tests in placitum (e) to (g), the defence raised by the defendant must be considered carefully. It is the case of the defendant that they did not adopt the impugned trademark/trade name maliciously with a view to cash-in upon the goodwill generated by the plaintiff. Though the defendant has not assailed the goodwill and reputation of the plaintiff in the field of pharmaceutical preparations, the defendant's primary contention is that it adopted the impugned mark only because the word "REDDY" is the surname of the Managing Director of the defendant company. And that the surname Reddy is common in the state of Andhra Pradesh and thus there cannot be an exclusive right or so to say, a monopoly, on the right to use the term "REDDY".

38. The defendant has also argued that despite the trademark/trade name being identical, there can be no confusion between the plaintiff's and the defendant's drugs because, the drugs carrying the impugned trademarks are not over-the-counter drugs, but are Schedule H drugs which are only sold on prescription. Therefore, the likelihood of confusion which generally arises from the „imperfect recollection“ of the purchasing public is mitigated. Further, the defendant has also argued that the drugs prescribed are identified by their „drug name“, such as OMRE, RECOLITE etc., and not by the name of the pharmaceutical company producing it. In any event, both the Doctors prescribing the drugs, as well as the Pharmacists supplying them to the customers are well educated and therefore, the likelihood of any confusion arising therefrom is improbable.

39. Before determining the outcome of the tests in placitum (e) to

(g), a few relevant facts and circumstances have to be recaptured. The plaintiff company, Dr. Reddy's Laboratories, was incorporated in the year 1984, having its registered office at Ameerpet, Hyderabad; and with the objective to create and deliver innovative pharmaceutical healthcare

solutions, with deep roots in research and drug development. In the year 1993, the plaintiff set-up Dr. Reddy's Research Foundation which supplemented its research and development capabilities by globally aligning with world-renowned organisations like National Cancer Institute, USA, Daiichi Pharma, Japan, to name a few. The plaintiff is also one of the few discovery based global pharmaceutical companies with operations and subsidiaries in Central Asian Republics, USA, Europe, South Africa, Australia and other regulated markets. Therefore, it is reasonable to infer that the plaintiff is now synonymous with high quality pharmaceutical preparations worldwide. The plaintiff has placed various documents on record including the worldwide sales figures in its Annual Reports for the years 2002 to 2006 which are exhibited at PW3/4 and 3/5.

40. Meanwhile, the defendant company has been carrying on business under the name of Reddy Pharmaceuticals Pvt. Ltd. since the year 1996, and was converted into a public limited company in the year 2002. The defendant witness has deposed that the defendant company was incorporated on January 5, 1996 with its registered office at Patparganj Industrial Area, Delhi; and as per its Articles of Association, it has the right to carry on finished drug formulation business. It is also pertinent to note, until August 2003, the defendant did not conduct business of finished drug formulations, and was only engaged in supplying bulk drugs to other formulators. However, when the defendant started its business of finished drug formulations, the packaging of its drugs contained the address of Ameerpet, Hyderabad despite having its registered office in New Delhi. In his cross-examination, the defendant witness has also categorically stated that the defendant does not have any manufacturing facility at Hyderabad, but that they had manufacturers who manufactured their products in Hyderabad. He also stated that the defendant company had no research and development facilities. He has further conceded that the plaintiff company enjoys a reputation in the market, and that the defendant was once associated with the plaintiff company on a principal to principal basis and supplied goods to clients of the plaintiff.

41. Keeping in mind the relevant facts, I shall now proceed to decide each of the remaining prongs of the test in the Cadila Case (supra). With respect to placitum (e), I am of the opinion that the defence regarding the education of the Doctors and Pharmacists mitigating confusion is not well founded. Courts in India have held in a catena of judgments that, a greater degree of care has to be applied in the case of passing-off when it comes to pharmaceutical drugs. In the Cadila Case (supra), the Apex Court has observed:

"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 are not sold across the counter but are sold only to the hospitals and clinics. Nevertheless, it is not uncommon that because of lack of competence or otherwise, mistakes can arise specially where the trademarks are deceptively similar. In *Blansett Pharmaceuticals Co. v. Carmick Laboratories Inc.*, it was held as under - „confusion and mistake is likely, even for prescription drugs prescribed by doctors and dispensed by pharmacists where these similar products are marketed under marks which look alike and sound alike.

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In the case of R. J. Strassenburgh Co. v. Kenwood Laboratories, Inc. as noted in the decision of Morgenstern Chemical Co. Case, it has been held that - „physicians are not immune from confusion or mistake. Furthermore, it is common knowledge that many prescriptions are telephoned to the pharmacists and others are hand written, 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. .

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[A]lthough 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." (emphasis supplied).

42.This proposition has been relied in various other cases such as Macleods Pharmaceuticals Ltd. v. Procare Laboratories Pvt. Ltd., CS(OS) 2107/2006, Bio-Chem Pharmaceutical Ltd. v. Astron Pharmaceuticals, 102 (2003) DLT 840 and Sun- Pharmaceutical Industries v. Wyeth Holdings Corporation and Anr., 2005 (30) PTC 14 Bom. The ratio decidendi of the Bombay High Court in the Sun-Pharma Case is apposite in the factual matrix of the instant case. The Court held:

"We are of the opinion that there is common field of activity, common field and procedure for selling such pharmaceutical medicines, and above all "material medica" is common or composition of such product is common. There is more possibility of deception and confusion and the infringers actions, definitely cause damage to the goodwill and the reputation of the trade mark of parties like respondents herein. The factual and actual material including roaring sale in the market and continuous use and marketing of the product of respondents entitle them to protective or preventive order, against appellants fraudulent and dishonest use of the trade mark i.e. "Parkitane". The equity and balance of convenience, in such cases, lies in favour of the affected parties, and not in favour of the infringers. Appellants plea of acquiescence or publica juris is devoid of substance as their own action, is not in good faith and appears to be deceitful. We, therefore, find no justifiable reason, to disturb the order of the learned Single Judge."

43. In light of the abovementioned discussion, it is amply clear to me that the class of purchasers who are likely to buy the drugs bearing the marks "REDDY" are likely to be deceived and mistake it to be the drugs originating from the plaintiff's reputed pharmaceutical laboratory viz. "Dr. REDDY's" Laboratories. Moreover, as noted in the Sun-Pharma Case (supra), the likely hood of deception is all the more not only since the composition of the drugs are the same, but also because there is a common field of activity between the parties, in the sense that the defendant has now expanded its business to sale and marketing of finished drug formulations. The common field of activity also fulfills the requirement in placitum (f) of the test in the Cadila Case (supra).

44. With regard to placitum (g) of the test in the Cadila Case (supra), this Court is required to consider the surrounding circumstances which maybe relevant. For instance, the defendant has strongly contended that its adoption of the trademark/trade name "REDDY" was bona fide because it merely adopted the surname of its Managing Director. At this juncture, it is necessary to carefully consider this submission to determine if the adoption was merely an honest and concurrent use, or was it made with the intention to cash-in upon the plaintiff's pre-existing goodwill.

45. From the evidence led by both the parties, it is apparent that the plaintiff has been in the business many years before the defendant actually decided to start marketing and selling its finished drug formulations. Besides, the reputation and goodwill which the plaintiff has earned over a long period of time, owing to its extensive focus on research and development as well as international partnerships, is something that has been conceded by the defendant witness during his cross examination.

46. It is also pertinent to note that the defendant was initially engaged as a del credere agent who used to supply the plaintiff's drugs until 2003. Viewing the abovementioned in light of the fact that the defendant chose to use a trademark/trade name identical to the plaintiff's and also mention Ameerpet, Hyderabad on its packaging despite having its Registered Office at Patparganj, Delhi only goes to show the malafides. Moreover, the defendant witness has stated during his cross examination that the defendant does not have any facilities in Hyderabad. This only goes to show that the defendant has mentioned Ameerpet, Hyderabad on its packaging to deceptively lead consumers to believe that its products arise from the plaintiff's labs, which are located in Ameerpet.

47. It is also reasonable to infer that by adopting an identical trademark/trade name, procuring finished drugs from other manufacturers and marketing the same drug formulations as the plaintiff, the defendant is only trying to target those consumers of the drug who were once purchasing the plaintiff's drug from the defendant in its capacity as the plaintiff's del credere agent.

48. Moreover, the position of law regarding use of common Indian names as trademarks is well-settled in a catena of precedents such as Mahendra and Mahendra Paper Mills Ltd. v. Mahindra and Mahindra Ltd., 2002(24) PTC 121 (SC), Manju Monga v. Manju Mittal, 2012 (51) PTC 293 (Del.), Kirloskar Diesel Precon (P) Ltd. & Ors. v. Kirloskar Proprietary Ltd. & Ors., 1997 PTC (17), Bajaj Electricals Ltd. v. Metals & Allied Products & Anr., AIR 1988 Bom 167, B. K. Engineering Company v. U. B. H. I. Enterprises (Regd.), Ludhiana, AIR 1985 Del 210. In fact, interim injunction granted in the instant case vide Order dated August 26, 2004 was relied upon in the Manju Monga

Case, where this Court succinctly summarized the position of law on adoption of common names as the trademark/trade name:

"In Parker v. Parker, (1965) RPC 323, the Court held -

The question is not simply whether the defendant can be prevented from using his own name, but whether the defendant can be prevented from garnishing that name in such a way that it looks as if the name were being used not by him but by the plaintiff s."

49. Therefore, by considering the surrounding circumstances, it is evident that the defendant has adopted the impugned trademark with the mala fide intention of cashing-in upon the goodwill, reputation and consumer base of the plaintiff. Having regard to the test in the Cadila Case (supra), I find that the plaintiff has been able to make out a clear case of passing off. Issue No. 3 is therefore decided in favour of the plaintiff.

Issue 6:

50. Regarding the defendant's use of the impugned domain name, www.ReddyLimited.com, the plaintiff has contended that it is deceptively similar to its domain names, www.drreddys.com, www.mydrreddys.com, www.reddyus.com and www.drreddys.ru. In response, the defendant has contended that it is entitled to use its corporate name „REDDY as a part of its domain name, and that it had been using „REDDY as a part of its electronic mail address for the past several years, such as Reddy@bol.net.in and Reddy@satyam.net.in. The defendant has also contended that the plaintiff has been interacting with them on the said email id's without raising any objection, thereby constituting an acquiescence on their part.

51. This Court in the case of Tata Sons Ltd. v. Arno Palmen, CS(OS) 563/2005 has made the following relevant observations.

"In the case of Tata Sons Ltd. v. Fashion ID, 117 (2005) DLT 748 in which it was observed:

"As far as India is concerned, there is no legislation which explicitly refers to dispute resolution in connection with domain names. But although the operation of the Trade Marks act, 1999 itself is not extra territorial and may not allow for adequate protection of domain names, this does not mean that domain names are not to be legally protected to the extent possible under the laws relating to passing off.

It is thus obvious that principles of passing off would fully apply to an infringement of a domain name. Action would be available to the owner of a distinctive domain name"

52. The position of law regarding the issue at hand is well settled by the Apex Court in the case of *Satyam Infoway Ltd. v. Sifnet Solutions Pvt. Ltd.*, AIR 2004 SC 3540, in which the Apex Court considered the question whether internet domain names are subject to the legal norms applicable to other intellectual properties such as trade marks and be regarded as trade names which are capable of distinguishing the subject of trade or service made available to potential users of the internet. In this regard the Apex Court held:

"16. The use of the same or similar domain name may lead to a diversion of users which could result from such users mistakenly accessing one domain name instead of another. This may occur in e-commerce with its rapid progress and instant (and theoretically limitless) accessibility to users and potential customers and particularly so in areas of specific overlap. Ordinary consumers/users seeking to locate the functions available under one domain name may be confused if they accidentally arrived at a different but similar web site which offers no such services. Such users could well conclude that the first domain name owner had misrepresented its goods or services through its promotional activities and the first domain owner would thereby lose their custom. It is apparent therefore, that a domain name may have all the characteristics of a trademark and could found an action for passing off. "

53. Applying the same parameters as in Issue No. 3, I am of the opinion that the defendant's adoption of the impugned name is with the intention to pass off its website as that of the plaintiff, similar to the adoption of the impugned trademark, as concluded in Issue No. 3. Further, I am not inclined to accept the defence of acquiescence, because as noted in the previous Issue, I do not think the plaintiff had any cause for concern with the defendant's adoption of the term „REDDY“ as long as their field of activity did not overlap. Therefore, I find the outcome of Issue No. 6 in favour of the plaintiff.

54. However, it must be borne in mind that the plaintiff has conceded that the impugned domain name is not in use. Upon verifying the WHOIS profile of the impugned domain name, it is seen that the domain name was created on November 11, 2005 and expires on November 11, 2014. It is also seen that the last update was made on August 28, 2009. I have also tried accessing the said website, but it appears to be dysfunctional. Therefore, the relief will be ordered accordingly in Issue No. 9.

Issue 4:

55. In paragraph 9 of the plaint, the plaintiff has described its logo as comprising of a symbol representing a man with outstretched arms. The plaintiff has also stated that this logo was designed by M/s. Oglivy and Mather for a consideration and subsequently assigned to the plaintiff vide Assignment Deed dated December 18, 2002. The said Assignment Deed is placed on record as Ex. PW1/7. Therefore, there is no doubt that the plaintiff is the owner of the said logo. It is now for this Court to decide if the logo of the defendant is substantially similar to that of the plaintiff's.

56. It is seen from Ex. D2, which is an extract from the Register of Copyrights, that the defendant's logo is the alphabet „R“ enclosed in concentric crescents, below which the word „REDDY“ is

written. The entire logo is saffron in colour. The registration number of the Copyright is A-75294/2005 and is dated December 30, 2005. From the evidence led by the parties, it is seen that the plaintiff did not apply for registration of the word mark „REDDY . Upon a visual comparison, I am of the opinion that the logo of the defendant is not substantially similar to that of the plaintiff's. Therefore, this issue is decided against the plaintiff.

Issue 5:

57. With regards to the copyright of the plaintiff in the get-up and lay-out of its OMEZ strips, in paragraph 15(iv) of the plaint, the plaintiff has described the distinctive and artistic features of its OMEZ strip. The strip is said to be made up of silver foil, with pink (magenta) coloured stripes on it bearing the registered trademark OMEZ at equal intervals. In between two consecutive pink strips, towards the center, appears a pink block bearing the aforesaid trademark. Right above the trade mark, appears the words „Omeprazole Capsules I.P. printed in black. Towards the left side of the trademark, appear directions for consumption of the drug, followed by storage and dosage instruction along with the "warning" box. Towards the right side of the trademark OMEZ, appears the plaintiff's trading name, Dr. Reddy's, followed by M.L. No. along with the plaintiff's address. The plaintiff has stated that initially, the artwork for the OMEZ get-up was developed by M/s. Script Services. The copyright in the said artwork vests with the plaintiff through an Assignment Deed dated August 28, 2002, which is placed on record as Ex. PW1/8. A specimen of the plaintiff's OMEZ strip is also placed on record as EX. D4. From the specimen of the strip, it is also seen that there is a logo of a stomach enclosed in a pink (magenta) rhombus.

58. A specimen of the defendant's OMRE strip is also placed on record as EX. D2. Upon a visual comparison, it is seen that the defendant's packaging is also made up of silver foil with the name OMRE written in pink (magenta) colour. Right above the trademark OMRE, the words „Omeprazole Capsules I.P. is printed in black. Towards the left side of the trademark, appear directions for consumption of the drug, followed by storage and dosage instruction along with the "warning" box, similar to that of the plaintiff's. Towards the right side of the trademark OMRE appears the defendant's trading name, REDDY, followed by the address of the defendant, at Ameerpet, Hyderabad. It is also seen, that the defendant's strip also contains a logo of a stomach enclosed within a pink (magenta) square, similar to that of the plaintiff's strip. From an overall visual comparison, I am of the opinion that the get-up, lay-out and colour combination of the defendant's drug OMRE is in infringement of the plaintiff's copyright over its OMEZ strip. Hence, Issue No .5 is decided accordingly in favour of the plaintiff.

Issue 8:

59. Section 135 of the Trade Marks Act, 1999 stipulates as follows:

"135. Relief in suits for infringement or for passing off -

(1) The relief which a Court may grant in any suit for infringement or for passing off referred to in section 134 includes injunction (subject to such terms, if any, as the

Court thinks fit) and at the option of the plaintiff, either damages or an account of profits, together with or without any order for the delivery-up of the infringement labels and marks for destruction or erasure."

The Section further stipulates:

"(3) Notwithstanding anything contained in sub-section (1), the Court shall not grant relief by way of damages (other than nominal damages) or on account of profits in any case -

(c) where in a suit for passing off, the defendant satisfies that Court -

(i) that at the time he commenced to use the trade mark complained of in the suit, he was unaware and had no reasonable ground for believing that the trademark of the plaintiff was in use; and

(ii) that when he became aware of the existence and nature of the plaintiff's trademark, he forthwith ceased to use the trade mark complained of.

60. In accordance with Section 135 of the Act, the plaintiff is either entitled to a relief of damages or an account of profits. In the prayer, the plaintiff has prayed for an Order of rendition of accounts, delivery of infringing products and labels, and damages to the tune of Rs. 20 Lakhs. Since the plaintiff has not led any evidence regarding the pecuniary harm caused to it by the defendant's action of passing off, there is no parameter for this Court to determine the damages to be awarded. Similarly, there is no parameter to deduce the damages to be paid for the infringement of the plaintiff's copyright in its OMEZ strip. Therefore, the plaintiff is entitled to an Order on rendition of accounts and delivery up of the impugned products and labels.

Issue 9:

61. Before proceeding to the Issue on Relief, I may reiterate my findings in the previous issues as follows:

a) The plaint has been instituted by a competent person.

b) There is no delay, laches or acquiescence on the plaintiff's part in filing the present suit.

c) Through prior adoption and continuous use, the plaintiff has acquired common law proprietary rights over the trade mark "REDDY.

d) The defendant has adopted the impugned trademark/trade name with the intention to pass off its drugs as that of the plaintiff's.

e) Consequently, the adoption of impugned domain name, www.ReddyLimited.com by the defendant also constitutes passing off.

f) There is no infringement of plaintiff's copyright in its logo (man with outstretched arms) by the defendant.

g) Meanwhile, plaintiff's copyright in the get-up, lay-out and colour combination of its OMEZ strips are infringed by the defendant's get-up, lay-out and colour combination of its OMRE strips.

Relief:

62. In light of the abovementioned conclusions, I hereby grant a permanent injunction in favour of the plaintiff restraining the defendant from using the impugned trademark/trade name „REDDY on any pharmaceutical preparation and from operating the domain name www.ReddyLimited.com for marketing and sale of pharmaceutical preparations. The defendant is also restrained from copying the get-up and lay-out of the plaintiff's OMEZ strip as described in paragraph 15(iv) of the plaint. However, no injunction is granted with respect to the defendant's „R Logo.

63. Since the plaintiff has not led any evidence qua the pecuniary harm suffered by it, I hereby pass an Order for rendition of accounts of profit illegally earned by the defendant on account of use of the impugned trademark/trade name „REDDY, and also the impugned get-up and lay-out of the defendant's OMRE strips. Meanwhile, since the plaintiff itself has admitted that the impugned domain name www.ReddyLimited.com is not functional, and as it is, the said website appears to be dysfunctional at the moment, I do not find it necessary to pass an Order for rendition of accounts qua the profits illegally earned through the said website. Decree be drawn accordingly.

M.L. MEHTA, J.

SEPTEMBER 13, 2013 kk/rmm