

MANU/DE/0957/2007

**Equivalent Citation:** (2007)ILR 1Delhi811, MIPR2007(2)97, 2007(34)PTC557(Del)**IN THE HIGH COURT OF DELHI**

CS (OS) No. 1926 of 2003

Decided On: 08.02.2007

Appellants: **Alkem Laboratories Ltd.****Vs.**Respondent: **Mega International (P) Ltd.****Hon'ble Judges/Coram:**

Sanjay Kishan Kaul, J.

**Counsel:**

For Appellant/Petitioner/plaintiff: Manmohan Singh, Adv

For Respondents/Defendant: Pratibha M. Singh and Bitika Sharma, Adv.

**Subject: Intellectual Property Rights****Acts/Rules/Orders:**

Companies Act, 1956 ;Trade and Merchandising Marks Act ;Trademarks Act, 1999 - Section 12, Trademarks Act, 1999 - Section 28(3), Trademarks Act, 1999 - Section 34; Code of Civil Procedure (CPC) - Section 10

**Cases Referred:**

Visakha Chemicals v. Mala Ram and Sons 2006 (32) PTC 441; Jai Prakash Gupta v. Vishal Aluminum Mfg Co. (1996) PTC (16) 575; N.R. Dongre v. Whirlpool Corporation AIR 1995 Del 300; Rati Traders v. K.P. Pouches Pvt. Ltd. 2004 (25) PTC 254 (MP); Century Traders v. Roshan Lal Duggar and Co. and Ors. AIR 1978 Delhi 250; Consolidated Foods Corporation v. Brandon and Co. AIR 1965 Bom 35; Senor Laboratories Ltd. v. Jagsonpal Pharmaceuticals Ltd. (1998) PTC (18) 499; Biochem Pharmaceutical Industries v. Pharma Synth Formulations Limited 2000 PTC 361; Uniply Industries Ltd. v. Unicorn Plywood Pvt. Ltd. and Ors. (2001) 5 SCC 95; Bengal Waterproof Manufacturing Company Ltd. v. Bombay Waterproof Manufacturing Company Ltd. and Anr. AIR 1997 SC 1398; Hindustan Pencils Pvt. Ltd. v. Indian Stationery Products Co. AIR 1990 Del 19; American Home Products Corporation v. Mac Laboratories Pvt. Ltd. and Anr. 1986 PTC 71; London Rubber Co. Ltd. v. Durex Products AIR 1963 SC 1882; In Re: Alex Pirie and Sons Ltd. (1933) 50 RPC 147; Holt and Co. (Leeds) Ltd.'s Application(1957) RPC 289

**Disposition:**

Application dismissed

**Citing Reference:**

Discussed		12
Mentioned		1

**Case Note:**

**Intellectual Property Rights - Trademark - Prior user of - Infringement and passing off - Trademarks Act, 1999 - plaintiff filed suit for permanent injunction on the ground of - Infringement and passing off trade mark "Gemcal" - Notice was sent to Defendant - Defendant filed a permanent injunction suit on grounds of baseless legal proceedings - Disputed trade mark was not registered in favor of either party - Application of registration was still pending - plaintiff claimed proprietorship of said trademark - Hence, present suit - Whether plaintiff is prior user of trade mark - Held, in an action for passing off, prior user and not registration is the relevant test - Said trademark has not been registered in favor of either party - Both parties have filed applications for registration of said mark - Thus, it is prior user that have to be considered - plaintiff was permitted to amend his plaint in accordance with law on amendment of pleadings - However, on a perusal of amendments - It appears that plaintiff amended dates, inter alia, regarding adoption and user of mark by both parties - plaintiff did not disclose/provide any documentary proof for date of adoption or user of mark - Therefore, issue decided in favor of Defendant - Suit dismissed**

**Intellectual Property Rights - Trademark - Registration of identical or similar marks of more than one**

manupatna proprietor - Honest concurrent user - Section 12 of Trademarks Act, 1999 - Whether plaintiff and Defendant are honest concurrent users of trademark - Held, Section 12 provides for registration of identical or similar marks of more than one proprietor - In case of honest concurrent user as well as "of other special circumstances" - If Applicant used trademark prior to its registration, it would be covered by Section 12 - More than one proprietor would be entitled to register the trade mark - Both parties selling products for over two years prior to notice sent by plaintiff to Defendant in February 2003 - Actual use by both parties for most of the period - Nothing on record to show that either parties were aware of manufacture/sale of a product till first notice - As mark has not been registered with either party, the search in trademark registry also did not yield any result - Further, there is no instances of confusion between products of parties as shown from any material on record - Cartons of products of plaintiff and Defendant bearing trademark has been written distinctly - Thus plaintiff and Defendant on current users of mark "GEMCAL" issues decided accordingly - Suit dismissed

Intellectual Property Rights - Trademark - Passing off - Whether Defendant is guilty of passing off its goods as that of plaintiff - Held, passing off can take place if there is misrepresentation made in course of trade to prospective customers or ultimate consumers of goods or services supplied and injurious to business and good will of another - Causes actual damage or would probably do so - It has been held, that there is honest concurrent user by parties, it cannot be said that Defendant passed off its products as those of plaintiff - Cartons of plaintiff and Defendant have distinct appearance from each other - Besides name of product; there is no similarity in packaging of products - Thus it cannot be said that any attempt has been made by Defendant to pass off its product as those of plaintiff - Suit dismissed

#### Ratio Decidendi:

*"In an action for passing off, it is the prior user and not registration, which is the relevant test."*

*"If more than one proprietor applies for registration of identical or similar marks in case of honest concurrent user and in other special circumstances, the grant will be provided under Section 12 of the Trade Marks Act."*

*"Even if an Applicant for registration of a trademark commenced use prior to actual use or registration of conflicting mark, would also be covered by provisions of Section 12 and more than one proprietor would be entitled to have his mark registered."*

*"Passing off can be taken place, if there is misrepresentation made in course of trade to injure business and good will of another, which causes actual damage to other."*

### JUDGMENT

#### Sanjay Kishan Kaul, J.

1. The plaintiff has filed this suit for permanent injunction, passing off, rendition of accounts and delivery up etc. in respect of the trademark "GEMCAL" in relation to medicinal preparations.
2. The plaintiff is a company incorporated under the Companies Act, 1956 and is stated to be carrying on business inter alia as a manufacturer, seller and dealer of pharmaceutical and medicinal preparations .
3. The plaintiff claims to have adopted the trademark GEMCAL in August 1999. It is stated that the plaintiff applied for registration of the said trademark in Class 5 in respect of medicinal and pharmaceutical preparations and substances on 17.04.2000 and in the month of July 2000, the plaintiff started manufacturing and marketing its products on a commercial scale bearing the said trademark. The plaintiff claims to have spent a huge amount for popularising the product through advertisements by circulation of trade literature including pamphlets, product information brochures, physician samples etc. Ex. P-11 which is the C.A. certified sales turnover and promotional expenses of the plaintiff shows that in the year 2000-2001, 2001-2002 and 2002-2003, the expenses incurred towards samples and sales promotion are 15.54, 24.37 and 62.12 lacs respectively. The plaintiff claims that its product "GEMCAL" is fast acquiring reputation, goodwill and market sale.
4. The plaintiff has averred that it came to know of the use by the defendant of the said trademark on 27.02.2003 and consequently, a notice was sent to the defendant through its trademark attorney and a reminder is also stated to have been sent on 27.03.2003. The notices are stated to have been replied to by the defendant on 1.04.2003.
5. The defendant then filed a suit in the district courts at Gurgaon against the plaintiff for permanent injunction for issuance of groundless threat of legal proceedings, passing off and damages and the plaintiff is stated to have filed a written statement in that suit.

manupatra 6. The plaintiff's product is stated to be a formulation which is a combination of calcitrol, calcium carbonate and zinc and is stated to be available in the form of capsules and syrup. The defendant's product on the other hand is a combination of calcium and vitamin D3 and is stated to be available in the form of tablets and syrup.

7. The plaintiff has averred that the defendant is the subsequent user of the trademark; having obtained the drug license on 17.09.1999 and commenced user in November 2000. It is stated that the use of the trademark "GEMCAL" by the defendant is likely to deceive and cause confusion in the market and that the use of an identical trademark by the defendant may help the defendant to pass off its products as those of the plaintiff and make illegal gains on the plaintiff's reputation. The defendant's trademark may be mistaken as being of the plaintiff as the plaintiff's product enjoys high reputation and valuable goodwill throughout the country. The confusion and deception is bound to arise as both the marks are identical and both products are for the same ailment and would be offered for sale through the same media and trade channel for the same class of customers.

8. The plaintiff claims to be the prior user of the trademark to the knowledge of the defendant and being prior in point of time claims to be the proprietor of the said trademark.

9. The defendant, also a company incorporated under the Companies Act, 1956, on the other hand, denies passing off its products as those of the plaintiff and claims to be the legal and lawful proprietor of the trademark "GEMCAL" and denies that it is the subsequent user of the trademark. It is stated that the plaintiff is guilty of suppression veri and suggestion falsi. The defendant contends that from the trademark application of the plaintiff which has been filed on a 'proposed to be used' basis, it is clearly established that the plaintiff had not adopted the said mark till April 2000.

10. The defendant claims to have coined the said mark in the year 1998 and to have adopted the same in 1999. The defendant also claims to have conducted a search of leading medical journals and of the trademark registry to ensure that no other identical or similar mark existed or was pending registration and the said mark was adopted in 1999 the defendant having satisfied itself that no similar mark was registered or was pending registration. The defendant claimed to have obtained the drug license on 17.09.1999 and started the use of the Trademark "GEMCAL" since November 2000.

11. The defendant has averred that the plaintiff's alleged user since August 1999 is a falsehood as no document has been filed by the plaintiff prior to the year 2000 demonstrating this fact. The defendant also claims that the plaintiff has concealed the fact of the defendant having filed an opposition to their application for registration of the trademark. The defendant also contends that the drug license of the plaintiff being dated 17.06.2000 is also subsequent to that of the defendant whose license is dated 17.09.1999.

12. The defendant has further averred that the plaintiff in its legal notice to the defendant has nowhere stated the date of adoption of the trademark and that the date claimed by them is only one month prior to the drug license of the defendant. Even when in the replies to the legal notice of the plaintiff, the defendant called upon the plaintiff to provide evidence of prior adoption/use of the trademark, the plaintiff failed to do so. The defendant thus claims to be the prior user of the said trademark.

13. On behalf of the plaintiff, the affidavit of evidence of Mr. Deepak Kumar, the zonal distribution manager of the plaintiff has been filed. The plaintiff has also filed affidavits of Sh. Pravin Shah and Sh. Rakesh Sood who are stated to be the dealers of the plaintiff company and of Sh. Arvind Manwati who is a director of M/s Banner Pharmacaps Pvt. Ltd. stated to be the earlier manufacturer of GEMCAL Capsules. On behalf of the defendant, affidavit of evidence has been filed of Mr. Jimmi Jacob, company secretary in the defendant company.

14. On 28.02.2006, the following issues were framed by this Court:

- i. Whether the plaintiff is the proprietor of the trademark GEMCAL in respect of pharmaceuticals and medicinal preparations? OPP
- ii. Whether the plaintiff is the prior user of the trademark GEMCAL in respect of pharmaceuticals and medicinal preparations? OPP
- iii. Whether the defendant has adopted the trademark GEMCAL prior to the adoption/user of the plaintiff? OPD
- iv. Whether the defendant is guilty of passing off its goods as that of the plaintiff by use of the trademark GEMCAL in respect of similar goods? OPP
- v. Whether the suit is liable to be stayed under Section 10 of the Code of Civil Procedure (hereinafter referred to as the said code) in view of the prior suit filed by the defendant against the plaintiff in the District Courts at Gurgaon? OPD

#### Issue 1

Whether the plaintiff is the proprietor of the trademark GEMCAL in respect of

15. Insofar as the registration of the trademark is concerned, the plaintiff applied for registration of the trademark "GEMCAL" on 16.04.2000 on a "proposed to be used basis" as per Ex. P-5. In the notice sent by the plaintiff to the respondent dated 27.02.2003 (Ex. P-13), it was stated that the trademark "GEMCAL" is pending registration in the name of the plaintiff.

16. Ex. P-6 is the search report of the trademark GEMCAL dated 17.04.2000 which shows a list of similar trademarks "GAMCIL" and "GEMCYL". The report is of the trademark registry. It is not disputed that the trademark being used by the defendant was not registered at the time the inquiry is stated to have been made and at present also is pending registration.

17. The defendant on the other hand, filed an application for registration on the basis of "user" since 17.09.1999 on 16.09.2003 (Ex. D-1).

18. The plaintiff's trademark application under application No. 918649 (Ex. P-5) was advertised in the trademark journal No. 1305 dated 21.10.2003 (Ex. D-2). The defendant is stated to have filed an opposition to the same vide opposition no BOM 158374 on 8.01.2004.

19. Thus, insofar as the registration of the trademark "GEMCAL" is concerned, the same has not been registered in favor of either party.

20. The plaintiff has not filed any drug license granted in its favor. A perusal of the drug license (Ex. P-7) granted on 17.06.2000 by the Drug Control Administration Gujarat filed by the plaintiff shows that the same has been granted in favor of M/s Banner Pharmacaps Pvt. Ltd and not the plaintiff. The list of products sent to the Drug Authority for grant of permission has also been sent on behalf of M/s Banner Pharmacaps Pvt. Ltd. The subsequent permission granted by the Directorate of Medical and Health Services, Daman, which has been placed on record has been granted to one M/s Indchemie Health Specialities Pvt. Ltd. and not the plaintiff. The Affidavit of Sh. Arvind Manwati, a director of M/s Banner Pharmacaps Pvt. Ltd. is to the effect that in the month of July 2000, the Company had manufactured GEMCAL capsules for the plaintiff and that medicinal preparations under the name GEMCAL had been delivered to the plaintiff vide invoice Nos. 164 and 157. The affidavit also states as under:

To the best of our knowledge the trademark GEMCAL as per agreement belonged to Alchem Laboratories Ltd. and our company had manufactured the goods under the said mark as per their specifications and for and on their behalf.

21. However, no such agreement has been placed on record by the plaintiff to show any arrangement between itself and the said M/s Banner Pharmacaps Pvt. Ltd. for the manufacture of the product under the name GEMCAL on their behalf.

22. Thus, there is no document either showing the drug license for the product "GEMCAL" in favor of the plaintiff or any agreement/arrangement whereby the manufacture of the product by M/s Banner Pharmacaps Pvt. Ltd. (in whose favor the license filed has been issued) was being carried out for or on behalf of the plaintiff.

23. In view of the aforesaid, the plaintiff has been unable to prove that it is the proprietor of the product bearing the mark "GEMCAL".

24. The first issue is thus answered against the plaintiff.

### Issues 2 and 3

ii) Whether the plaintiff is the prior user of the trademark GEMCAL in respect of pharmaceuticals and medicinal preparations? OPP

iii) Whether the defendant has adopted the Trademark GEMCAL prior to the adoption/user of the plaintiff? OPD

25. The second and third issues relate to the prior user/adoption of the Trademark "GEMCAL". A right of property in a trademark can also be acquired through use of the trademark in relation to particular goods or by simultaneous prolonged user by more than one in a given area under certain circumstances. Thus, it is to be seen as to which of the parties is the prior user of the trademark or whether there has been concurrent use by both the plaintiff and the defendant.

26. The plaintiff claims to have adopted the said trademark in 1999 and applied for registration of the trademark in April 2000. It is stated that in this period, the plaintiff, through its R&D wing with novel drug delivery systems had developed a formulation which is a combination of calcitrol, calcium carbonate and zinc for the treatment inter alias of senile osteoporosis, hypoparathyroidism etc. which was decided to be named GEMCAL.

manupatn 27. The plaintiff claims to be commercially manufacturing and marketing its products under the trademark "GEMCAL" since July 2000. In this context, learned Counsel for the plaintiff placed reliance on the affidavit of Sh. Pravin S. Shah dated 05.04.2006 wherein it has been stated that his company purchased capsules bearing the mark "GEMCAL" from the plaintiff vide invoice number 00/SB00706 dated 03.08.2000. Further, the affidavit of Sh. Rakesh Sood dated 05.04.2006 mentions the fact of purchase by his company of capsules bearing the mark "GEMCAL" from the plaintiff vide invoice no 00/SB00143 dated 31.07.2000. In the affidavit of Mr. Arvind Manwali dated 25.04.2006, it has been stated that GEMCAL capsules which had been manufactured by his company for the plaintiff were delivered to the plaintiff vide invoice Nos. 157 and 164 dated 24.07.2000 and 27.7.2000 respectively. The delivery challans have been annexed.

28. Learned Counsel for the plaintiff also relied on the affidavit of Mr. Deepak Kumar dated 10.02.2005 (Ex. P-3) wherein it has been stated that the plaintiff started manufacturing and marketing its goods bearing the trademark "GEMCAL" on a commercial scale during the month of July 2000. The invoice of delivery of inter alias capsules bearing the mark "GEMCAL", dated 24.07.2000 to the plaintiff shows the use of the trademark "GEMCAL". Invoices of the plaintiff (Ex. P-12) show the sales by the plaintiff of the product bearing the mark "GEMCAL" pertaining to various dates since 30.07.2000. The affidavit of evidence of Mr. Deepak Kumar dated 5.04.2006 inter alia, also states that the plaintiff started manufacturing and marketing its products bearing the trademark "GEMCAL" on a commercial scale since July 2000. This affidavit also refers to the invoices marked as exhibit P-12.

29. The lorry receipt for 27.07.2000 (Ex. P-8) records that certain goods were transported on that date to the plaintiff sent by M/s Banner Pharmacaps Pvt. Ltd. However, the same does not record the name of the product and does not shed any light on whether the goods manufactured are of the plaintiff. It merely shows that seventy eight (78) cartons of medicine were delivered to the plaintiff.

30. A perusal of the aforesaid evidence shows that the plaintiff has been selling the product bearing the mark "GEMCAL" from at least 30.07.2000. There is no sufficient evidence as to the whether the product "GEMCAL" was of the plaintiff or was being manufactured by the plaintiff since, as discussed, there is no drug license in favor of the plaintiff which has been placed on record and the products are being manufactured by M/s Banner Pharmacaps Pvt. Ltd. with whom the plaintiff has been unable to show any agreement or arrangement. There is also no evidence of the adoption of the trademark prior to this date.

31. The plaintiff sent a notice to the defendant (Ex. P-13/Ex. D-3) dated 27.02.2003 wherein it has been claimed that the plaintiff has been manufacturing and selling the product "GEMCAL" throughout India since long, extensively, continuously and uninterruptedly and that said trademark is pending registration in the name of the plaintiff and requesting the defendant to inter alias forthwith desist from manufacturing, stocking, offering for sale, selling or advertising in medicinal and pharmaceutical preparations under the mark "GEMCAL" and any other similar marks. A reminder is stated to have been sent on 27.03.2003 (Ex. P-14/Ex. D-4). The receipt of the notice is not disputed by the defendant. Subsequent to the notice and reminder sent by the plaintiff (Ex. P-13 and Ex. P-14) it is stated that there was some correspondence between the parties. In the reply dated 01.04.2003 (Ex. P-15) to the said notice, the defendant denied knowledge of both the product as well as the mark of the plaintiff and requested the plaintiff to furnish documentary proof of its first use of the trademark. The defendant also agreed to desist from manufacturing its product under the trade mark "GEMCAL" until such proof was furnished by the plaintiff. In response to the said reply, the plaintiff in turn demanded proof of the use of the trademark vide letter dated 07.04.2003. The defendant, thereafter, is stated to have sent a letter dated 16.04.2003 (Ex. P-17), wherein a copy of the defendant's manufacturing license was stated to have been enclosed. The defendant also agreed to withhold the manufacture of the product under the said trademark for a further period of two weeks. In its letter dated 21.04.2003 [Ex. P-18/Ex. D-5] however, the plaintiff denied the receipt of the copy of the manufacturing license.

32. In the affidavit of evidence of Sh. Jacob (EX. DX) also it is stated that in the notice sent by the plaintiff (Ex. P-13), the plaintiff only claimed to have used the product under the mark since long but failed to give the exact date of use of the said mark. The date of adoption was not clarified even in the subsequent correspondence between the parties and the same was stated to be August 1999 only after the defendant disclosed the date of adoption of the mark.

33. It is apparent from the aforesaid that the plaintiff, at the time of service of the legal notice as well as during the course of the correspondence that followed thereafter between the parties, failed to furnish any documentary proof of prior adoption or use of the said trademark. In the present proceedings also no proof of the adoption of the said trademark prior to the date of the application of registration i.e. 17.04.2000 has been given.

34. Learned Counsel for the plaintiff relied on a judgment of this Court in Visakha Chemicals v. Mala Ram and Sons 2006 (32) PTC 441 in support of the proposition that in an action for passing off, prior use of the mark in point of time is the relevant test. In that case, the defendants had not placed any material on record showing sales or prior adoption of the mark. In this behalf Learned Counsel also referred to the judgments of a learned single judge of this Court in Jai Prakash Gupta v. Vishal Aluminum Mfg Co. (1996) (16) PTC 575, and N.R. Dongre v. Whirlpool Corporation MANU/DE/0700/1995 : AIR1995Delhi300 where it was observed that the registration of the said mark prior in point of time to user by the appellant is irrelevant in an action for passing

manupatra off and the mere presence of the mark in the register maintained by the trademark registry did not prove its user by the persons in whose name the mark was registered and was irrelevant for the purpose of deciding the application for interim injunction unless evidence had been led or was available of the user of registered trademarks. In the decision of the Madhya Pradesh High Court in Rati Traders v. K.P. Pouches Pvt. Ltd. 2004 (25) PTC 254 (MP). it was observed that in between two parties claiming actual user as against the prior user, the party who is prior in point of time will have the advantage over the other. Even in regard to the prior registration of the trademark, as against prior user, the action of the latter will prevail.

35. There is no dispute in the proposition that in an action for passing off, it is the prior user and not registration which is the relevant test. It is also not disputed that in the present case the said trademark has not been registered in favor of either party though both parties have filed applications for registration of the said mark. Thus it is the prior user that have to be considered in the present case.

36. Learned Counsel for the plaintiff referred to the judgment of a division Bench of this Court in Century Traders v. Roshan Lal Duggar and Co. and Ors. MANU/DE/0153/1977 : AIR1978Delhi250 in support of the proposition that 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 acquires such mark is entitled to protection directly, the article having assumed vendible character is launched upon the market. In this case, it was observed that for the purpose of claiming such proprietorship of a mark, it is not necessary that the mark should have been used for a considerable length of time. As a matter of fact a single actual use with intent to continue such use confers a right to use such mark as a trademark. It is sufficient if the article with the mark upon it has actually become a vendible article in the market with intent on the part of the proprietor to continue its production and sales. It is not necessary that goods should have acquired a reputation for quality under such mark. Actual use of the mark under such circumstances showing an intention to adopt and use it as a trademark is a test rather than the extent or duration of time. A mere casual, intermittent or experimental use may be insufficient to show an intention to adopt the mark as a trademark for specific article or goods. Learned Counsel further referred to the decision of a learned single judge of the Bombay High Court in Consolidated Foods Corporation v. Brandon and Co MANU/MH/0092/1965 : AIR1965Bom35 wherein similar observations were made.

37. Learned Counsel for the defendant on the other hand, placed reliance on the application made to the State Drug Controller, Directorate General of Health Services, Chandigarh dated 07.07.1999 (Ex. DW 1/C) wherein the defendant applied for change of name of the product CALDOSE to GEMCAL and on the letter dated 17.09.1999 (Ex. DW 1/D), whereby the State Drug Controller granted permission to the defendant to manufacture the said products as per formula indicated in the lists.

38. Learned Counsel pointed out that the application filed by the plaintiff dated 17.04.2000 (Ex. P-5) was on a "proposed to be used" basis and submitted that the plaintiff itself had, thus, in April 2000 neither used the said trade mark and nor had a drug license.

39. In a judgment of a division bench of this Court in Senor Laboratories Ltd. v. Jagsonpal Pharmaceuticals Ltd. (1998) (18) PTC 499 (DB), the defendant had obtained a drug license in January 1992 and had been manufacturing its pharmaceutical preparations since August 1992 while the plaintiff claimed that it had been continuously using the trade mark is question since 1st April 1990. The plaintiff, however, had neither filed the drug license for the manufacture of medicine under the trademark in question nor had filed any sales figures/invoices for the period prior to 1990. The application filed in February 1993 for registration contained the words proposed to be used. The approach of the learned single judge was held contrary to the principle that no injunction can be issued against a prior user of the trademark in a passing off action. The defendant, being the prior user, was held to have made out a prima facie case for grant of ad interim injunction

40. Learned Counsel pointed out that the plaintiff obtained the drug license from the State Drug Controller only on 17.06.2000 (Ex. P-7) and it is thus evident that the plaintiff obtained the drug license subsequent to the defendant. It is not disputed that the defendant started the manufacture of "GEMCAL" commercially in November 2000.

41. It may be noticed that there are a number of inconsistencies in the dates stated in the original plaint and those stated in the amended plaint by the plaintiff including the date of commencement of user by the plaintiff, date of commencement of user by the defendant, the date of application for registration for registration by the plaintiff and also the date when the cause of action is stated to have arisen. Learned Counsel for the defendant, pointing out the same contended that these are an evidence of the confusion of the plaintiff as to the adoption and use of the said mark as well the lack of bona fides on behalf of the plaintiff.

42. I find force in the contention of learned Counsel for the defendant. The plaintiff was permitted to amend his plaint in accordance with the law on amendment of pleadings. However, on a perusal of the amendments carried out, it appears that the plaintiff has attempted to improve his case by amending the dates inter alia, regarding the adoption and user of the mark by both parties. This is more so in view of the suit being one for passing off where the date of commencement of user of the trademark is of utmost importance. As noticed earlier, even in the correspondence between the parties, the plaintiff did not disclose/provide any documentary proof the date of adoption or user of the mark.

manupatra 43. Learned Counsel for the defendant placed reliance on the judgment of learned single judge of this Court in Biochem Pharmaceutical Industries v. Pharma Synth Formulations Limited 2000 PTC 361 in support of the proposition that the person who adopts a trademark with the intention of using it on vendible goods and actually uses the same in the course of his business has a preferential right and it entitled to seek legal remedy of passing off action against the one who adopts identical mark later on.

44. Learned Counsel for the defendant referred to the judgment of the Apex Court in Uniply Industries Ltd. v. Unicorn Plywood Pvt. Ltd. and Ors. MANU/SC/0315/2001 : [2001]3SCR307 , wherein some factors to be relied upon for determining prior user were considered. It was observed at para 8 as under

Some Courts indicate that even prior small sales of goods with the mark are sufficient to establish priority, the test to determine continuous prior user and the volume of sale or the degree of familiarity of the public with the mark. Bona fide test of marketing, promotional gifts and experimental sales in small volume may be sufficient to establish a continuous prior user of the mark. But on some other occasions, courts have classified small sales volume as so small and inconsequential for priority purposes. Therefore, these facts will have to be thrashed out at the trial and at the stage of grant of temporary injunction a strong prima facie case for grant of injunction will have to be established. It has also to be borne in mind whether the appellant had also honestly or concurrently used the trademarks or there are other special circumstances arising in the matter. The Courts below have merely looked at what the prima facie case is and tried to decide the matter without considering the various other aspects arising in the matter. Therefore, we think the appropriate order to be made is that injunction either in favor of the appellant or against them or vice versa is not appropriate and the proceedings in the suit shall be conducted as expeditiously as possible or the registrar under the Trade and Merchandising Marks Act may decide the matter which may govern the rights of the parties.

45. Learned Counsel for the defendant referred to the provisions of Section 28(3) of the Trademarks Act, 1999 (hereinafter referred to as the "said Act") to submit that where two or more persons are registered proprietors of identical trademarks or marks nearly resembling each other, neither of such proprietors can be deemed to acquire an exclusive right to use such mark against the other merely by registration. The provision reads as under:

Where two or more persons are registered proprietors of trade marks, which are identical with or nearly resemble reach other, the exclusive right to the use of any of those trade marks shall not (except so far as their respective rights are subject to any conditions or limitations entered on the register) be deemed to have been acquired by any one of those persons as against any other of those persons merely by registration of the trade marks but each of those persons have otherwise the same rights as against other persons (not being registered proprietor).

46. Learned Counsel further referred to the provisions of Section 34 of the said Act which reads as under

**34. Saving for vested rights.** - Nothing in this Act shall entitle the proprietor or a registered user of registered trade mark to interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it in relation to goods or services in relation to which that person or a predecessor in title of his has continuously used that trade mark from a date prior-

(a) to the use of the first-mentioned trade mark in relation to those goods or services be the proprietor or a predecessor in title of his, or

(b) to the date of registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor of a predecessor in title of his.

Whichever is the earlier, and the Registrar shall not refuse (on such use being proved), to register the second mentioned trade mark by reason only of the registration of the first mentioned trade mark.

47. Learned Counsel for the plaintiff, on the other hand submitted in this behalf that neither the provisions of Section 28(3) nor of Section 34 of the said Act are applicable in the present case. In the present case, neither party is the registered proprietor of the trademark.

48. The import of the aforesaid is that in case of two or more registered proprietors of trademarks that are identical or nearly resembling each other, neither proprietor would have the exclusive right to use the mark as against the other. Also, a proprietor or registered user of a registered trademark cannot interfere with or restrain the use by a person of a trademark that is identical or nearly resembling the trademark, where the person/predecessor in title has continuously used the trademark from a date either prior to the use or prior to

manupatra the date of registration by or in the name of the proprietor or predecessor in title of his, whichever is earlier. Further, the registrar is not to refuse registration of the second mentioned mark on use being proved only by reason of registration of the first mentioned mark.

49. The aforesaid propositions cannot be disputed. Even a proprietor of a registered trademark cannot interfere with the use of the mark by a prior user to the registration or use of the said mark by such proprietor whichever is earlier. However, in the present case, neither the plaintiff nor the defendant are registered proprietors of the trademark "GEMCAL". The said provisions thus would not be applicable.

50. Learned Counsel for the defendant disputed the stand of the plaintiff that the plaintiff came to know of the activities of the defendant on 27.02.2003 and contended that as the defendant has been using the trademark since 1999 and started the commercial manufacture and marketing of its product in November 2000, the conduct of the plaintiff constitutes acquiescence. Learned Counsel for the plaintiff however, submitted that the plaintiff came to know of the acts of the defendant only in February 2003 and in pursuance thereto, a notice was sent to the defendant. Learned Counsel referred to the judgment of the Apex Court in Bengal Waterproof Manufacturing Company Ltd. v. Bombay Waterproof Manufacturing Company Ltd. and Anr. MANU/SC/0327/1997 : AIR1997SC1398 where it was observed that wherever and whenever a fresh deceitful act is committed, the person deceived would naturally have a fresh cause of action in his favor. Thus, every time a person passes off his goods as those of another, he commits an act of deceit. Learned Counsel also referred to a judgment of a learned single judge of this Court in Hindustan Pencils Pvt. Ltd. v. Indian Stationery Products Co. MANU/DE/0383/1989 : AIR1990Delhi19 wherein it was noted that acquiescence means something more than mere silence on the part of the plaintiffs. Acquiescence means encouragement on the part of the plaintiff to the defendant. There should be a mistaken belief by the defendant that there is no objection by the plaintiff to its using the mark.

51. There is no dispute in the proposition that every act of passing off gives rise to a fresh cause of action. The plaintiff claims to have come to know of the defendants activities in February 2003 and sent a notice in the same month. As the defendant was selling goods both prior to and subsequent to this date, fresh causes of action can be said to arise in favor of the plaintiff.

52. Learned Counsel for the defendant submitted that pharmaceutical preparations cannot be launched overnight and after the drug license has been obtained, various steps and processes have to be undertaken by the manufacturer before the launch of the final product. The steps are stated to include assessment of the demand, planning the composition, strength and features production process, selection of a brand name, development of a formulation for adoption for production processes, marketing techniques, distribution etc which may take anytime between six months and a year. In this behalf, learned Counsel placed reliance on the judgment of the Apex Court in American Home Products Corporation v. Mac Laboratories Pvt. Ltd. and Anr. 1986 PTC 71 wherein it was observed that in the present world of commerce and industry, a manufacturing industry can neither be commenced nor established overnight. There are innumerable preparatory steps required to be taken and formalities to be complied with before the manufacture of goods can start and manufactured goods marketed, which process, of necessity takes time.

53. Learned Counsel for the plaintiff on the other hand, contended in this behalf that while it is not a disputed proposition that a party has to undertake various steps and processes but the same including composition of the pharmaceutical ingredients of the products as well as specifications are prior to obtaining the drug license. Learned Counsel referred to the letter/application by the defendant to the drug control authority for the change of the brand name from CALDOSE to GEMCAL and contended that this shows that this shows that on the date of obtaining the license, all tests, compositions, and specifications had already been produced before the department at an earlier point of time and even after the change of the brand name from CALDOSE to GEMCAL, the same compositions, specifications and other tests were adopted.

54. The defendant had obtained the requisite license from the Drug Authorities in September 1999, which showed at least intention on the part of the defendant to manufacture products under the mark "GEMCAL". This intention translated into the manufacture and sale of goods under the said mark by the defendant from November 2000.

55. Learned Counsel for the defendant submitted that the provisions of Section 12 of the said Act pertaining to honest concurrent user would be applicable to the current situation. Learned Counsel pointed out in this regard that the said Act is applicable from 15.09.2003 and the present suit was filed from 14.10.2003 and thus the provisions of the said Act are applicable in this case. The said provision reads as under

**12. Registration in the case of honest concurrent use, etc.**-In the case of honest concurrent use or of other special circumstances which in the opinion of the Registrar, make it proper so to do, he may permit the registration by more than one proprietor of the trade marks which are identical or similar (whether any such trade mark is already registered or not) in respect of the same or similar goods or services, subject to such conditions and limitations, if any, as the Registrar may think fit to impose.

56. It may be noticed that the plea of honest concurrent user does not form part of the pleadings. The

manupatra defendant has however pleaded that it is the prior user of the said mark. The plea of honest concurrent user, being a lesser plea can be permitted to be raised. The defendant can thus be permitted to plead that it is at least a concurrent user of the mark "GEMCAL" with the plaintiff even if not held to be a prior user.

57. Learned Counsel for the defendant drew the attention of this Court to "Law of Trademarks and Geographical Indications" (K.C. Kailasam and Ramu Vedaraman) wherein the basis of Section 12 has been pointed out as under:

In providing for concurrent registration, the intention of the legislature was to allow the Court to weigh against a slight possibility or deception on or a slight possibility of confusion in the minds of the public, the commercial claims which the proprietor of a common law trademark might have acquired through considerable amount of concurrent user.

58. It has been further observed that as per the dictum of Lord Tomlin in the Matter of an Application by Alex Pirie and Sons Ltd. (1933) 50 RPC 147, the following factors are to be taken into account while considering registration on the ground of honest concurrent user:

1. the extent of concurrent use
2. the quantity and area of trade
3. the degree of confusion likely to ensue from the resemblance of the marks which is, to a large extent, indicative of the measure of public inconvenience
4. honesty of concurrent use
5. whether any instances of confusion have been proved
6. relative inconvenience which would be caused if the mark in the suit was registered, subject, if necessary to any conditions and limitations.

59. Section 12 of the said Act provides for registration of identical or similar marks of more than one proprietor both in case of honest concurrent user as well as "of other special circumstances". In this behalf learned Counsel for the defendant also drew the attention of this Court to the view taken in Holt and Co. (Leeds) Ltd.'s Application (1957) RPC 289 to the subject matter of the application and this includes use by the applicant of his mark before the conflicting mark was registered or used. The Apex Court was in agreement with this view in London Rubber Co. Ltd. v. Durex Products MANU/SC/0134/1963 : [1964]2SCR211 .

60. Thus, even if an applicant for registration of a trademark commenced use prior to the actual use or registration of the conflicting mark, the same would also be covered by the provisions of Section 12 and more than one proprietor would be entitled to have his mark registered.

61. Learned Counsel for the plaintiff however, contended that concurrent registration can be granted only if the user is honest and in the present case, the user by the defendant is not honest as the plaintiff is the prior user.

62. It is apparent from the aforesaid that the plaintiff had filed an application for the registration of the mark "GEMCAL" in the month of April 2000 and commenced selling of products bearing the said mark from the end of July 2000. On the other hand the defendant, although it had obtained the drug license in September 1999 only commenced the manufacture and sale etc of the product since November 2000. There is no sufficient evidence on record to show that in the three month period between the commencement of user by the plaintiff and the commencement of user by the defendant, the plaintiff acquired such reputation which was affected by the commencement of user by the defendant.

63. Both parties have been selling products under the said mark for over two years prior to the notice sent by the plaintiff to the defendant in February 2003. The actual use by both parties has been concurrent save for the period of about three months for which the plaintiff was selling its product prior to sale by the defendant. In view of the observation in Holt and Co. case (supra), even such a case is covered by the expression "other special circumstances". There is nothing on record to show that either of the parties were aware of the manufacture/sale of a product under the said trademark by the other at least till the first notice was sent by the plaintiff to the defendant. Also, as the mark has not been registered of either party, the search in the trademark registry also did not yield any result in this behalf.

64. No instances of confusion between the products of the parties have been shown from any material on the record. The cartons of the products of the plaintiff and defendant under the said mark as well as the way in which the mark has been written on the same are also distinct from each other.

65. It is thus held that the plaintiff and defendant are concurrent users of the mark "GEMCAL" and the issues are decided accordingly.

(iv) Whether the defendant is guilty of passing off its goods as that of the plaintiff by use of the trademark GEMCAL in respect of similar goods? OPP

66. This issue pertains to whether the defendant can be said to be guilty of passing off its goods as those of the plaintiff. Passing off can be said to have taken place if there is misrepresentation made in the course of the trade to prospective customers or ultimate consumers of goods or services supplied and which is calculated to injure the business and good will of another and which either causes actual damage to the brought or would probably do so.

67. The relevant date for determining the reputation of the plaintiff would usually be the date of commencement of the conduct complained of. Learned Counsel for the defendant contended that the plaintiff is bound to show, the date of commencement of user of the defendant being November 2000, that in the period of three months between the user by the plaintiff and by the defendant that the plaintiff has gained such a reputation that use by the defendant of the said mark can damage the reputation of the plaintiff.

68. In view that it has been held that there is honest concurrent user by the parties, it cannot be said that the defendant has passed off its products as those of the plaintiff.

69. Even otherwise, the sales figures of the plaintiff and the defendant in respect of the products in question show that the sales figures shown by the defendant are considerably lower than that shown by the plaintiff. The C.A. certified sales and promotional expenses statement of the plaintiff towards the product "GEMCAL" shows that the sales of the plaintiff for the year 2000-01, 2001-2002 and 2002-2003 were Rs. 223 lacs Rs. 648 lacs and Rs. 1015 lacs respectively. A perusal of the details of the production, sales etc. of the defendant shows that the sales of the product of the defendant for the period 2000-01, 2001-02 and 2002-03 is about Rs. 45,691. Thus, the value of sales shown by the plaintiff and defendant show that the sales by the defendant are of a far lesser value than that claimed by the plaintiff. The sales turnover as shown by the plaintiff has been increasing annually and the same could not have been affected significantly by the sales of the defendant.

70. Samples of the plaintiff's product and cartons have been exhibited as Ex. P-9, Ex. D-10 and the product and cartons of the defendant have been exhibited as Ex. P-19, Ex. D-7, Ex. D-8 and Ex. D-9. It may be noticed that the packaging of the product of the plaintiff and the defendant shows that although the mark adopted by both parties is "GEMCAL", the way the same has been written on the cartons is different. In the case of the plaintiff's product, the word "GEMCAL" has been written as "Gemcal" (i.e. with the letter G in the upper case and the other letters in the lower case) with the word 'Gem' in Red font and the word 'cal' in blue font. In the defendant's cartons, the mark appears as "GEMCAL-500", the whole mark being in the upper case and in a uniform colour. The slogan accompanying the name of the product is different in the products of both parties. The cartons are as under:

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plaintiff's Product

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Defendant's Product

71. The cartons of the product of the plaintiff and defendant thus, have distinct appearance from each other and besides the name of the product; there is no similarity in the packaging etc. of the products of the parties.

72. It is thus clear that it cannot be said that any attempt has been made by the defendant to pass off its product as those of the plaintiff.

73. In view of the aforesaid, this issue is decided in favor of the defendant and against the plaintiff.

#### Issue 5

v.) Whether the suit is liable to be stayed under Section 10 of the said code in view of the prior suit filed by the defendant against the plaintiff in the District Courts at Gurgaon? OPD

74. Insofar as this issue in the suit is concerned, the same was not pressed as the issues raised therein were agreed to be considered by the competent court at Gurgaon.

75. In view of the findings arrived at in the issues, the suit is dismissed with costs.

