

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED:30.06.2009

CORAM:

THE HONOURABLE MR.JUSTICE K.RAVIRAJA PANDIAN
AND
THE HONOURABLE MR.JUSTICE P.P.S.JANARTHANA RAJA

O.S.A.No.292 of 2008
and M.P.No.2 of 2008

1. UAS Pharmaceuticals Pty.Ltd.,
15, Cansdale Place, Castle Hill
NSW 2154, Australia
2. Essen Tial Healthcare
No.4, First Main Road
Nehru Nagar, Chennai - 600 096. .. Appellants/Applicants/
Plaintiffs

-vs-

Ajantha Pharma Limited
No.1, Annai Sathya Nagar
K.K.Nagar (W)
Chennai - 600 078. .. Respondent/Respondent
Defendant

For Appellants : Mr.A.A.Mohan

For Respondents : Mr.P.S.Raman, Sr.Counsel
for Mr.T.D.Selvam Balu

Prayer: Original Side Appeal filed under Order XXXVI Rule 9 of the Original side Rules read with Clause 15 of the Letters Patent against the order dated 8.7.2008 made in O.A.No.15 of 2008 in C.S.No.6 of 2008.

J U D G M E N T

K.RAVIRAJA PANDIAN, J.

The Original Side Appeal is filed against the order of the learned single Judge dated 8.7.2008 made in O.A.No.15 of 2008 in C.S.No.6 of 2008 non-suiting the appellants for an interim order of injunction restraining the respondent from in any manner passing off and enabling others to pass off the respondent's products as and for the appellants' products by manufacturing, selling, advertising, distributing or offering for sale dermatologic products including sun screen cream by name "SUNSTOP" or any mark similar thereto pending the suit seeking for the very same prayer.

2. The case of the appellants is that the first appellant was floated in Australia for manufacturing and developing dermatologic products in the year 2000. On 17.5.2001 the appellants introduced a product under the trade name "SUNSTOP" for protection of skin from sunlight and ultraviolet rays. The first plaintiff had obtained Registration of trademark for non-medicinal preparation under class 5 and medical and beauty care services under class 42 in Australia, Philippines and Cambodia. However, they did not obtain such registration of Trade name in India. The appellants have established worldwide reputation for the trademark under the trade name "SUNSTOP". Their products are marketed in India through the second appellant as distributor in India. In December 2007, they came to know that an identical product marketed by the respondent in the trade name are passed off in the market. Therefore, the appellants filed the suit for passing off action claiming the relief as stated above. Along with the suit, an application in I.A.No.15 of 2008 is filed by the appellants seeking the interim relief of injunction against the respondent.

3. The respondent/defendant resisted the application by taking a stand that it is a leading pharmaceutical company in India manufacturing anti-retrovirals, anti-malarials, cardiovascular, dermatology and ophthalmology preparations. The respondent had a total sale turnover of Rs.266.49 crores for the year 2006-2007. The respondent's research and development centre established at Mumbai in the year 1996, which is recognised by the Department of Scientific and Industrial Research, Government of India developed a new dermatologic formulation (cream/lotion), which when applied to skin surface, stopped harmful UVA and UVB rays of sun from affecting the skin. The respondent also conceived, coined and adopted the name SUNSTOP for the said cream/lotion after conducting thorough market survey and search of records of the trade marks Registry at Mumbai. The respondent applied for registration of Trade Mark "SUNSTOP" under Application No.1377560 on 16.8.2005. The application for registration is pending with the Trade Mark Registry. The respondent has also obtained a drug licence on 9.11.2005 from the Drugs Controller at Aurangabad. They started marketing the product on commercial basis in May 2007. They incurred sales promotion and advertisement expenditure of Rs.1,35,174/- for the year 2007-2008 and has achieved sale turnover of Rs.33.05 lakhs in the said financial year. It is the further case of the respondent that on 19.11.2007 they came to know about the proposed introduction of products of appellants in India and immediately they moved the Delhi High Court for preventive action. The appellants have not established transborder reputation of a great deal spilling into India, so as to be entitled to an order of injunction in an action for passing off.

4. In order to establish the respective parties case, they relied on certain documents.

5. Upon hearing the arguments and on perusal of the documents, the learned single Judge has recorded a finding to the effect that though the first appellant claims to have entered the market in other countries during the period from 2000 to 2006,

admittedly, it entered the market in India through the second appellant only in November 2007, as could be seen from the plaint documents No.30 to 34. However, the defendant's products hit shelves of market in India atleast in June 2007 five months before the entry of plaintiff's product into India, based on document 36 series and rejected the contention of the appellants that though the entry of the appellants' product in India might be later in point of time to the entry of the respondent's product, since their entry in the world market was first, they are entitled to injunction. The correctness of the same is canvassed in this appeal.

6. Along with this appeal, an application in M.P.No.2 of 2008 is filed by the appellants under Order IX Rule 8 of Original Side Rules read with Order XLI Rule 27 of Civil Procedure Code to produce additional documents.

7. We heard the argument of the learned counsel on either side and perused the materials on record.

8. Before us, on behalf of the appellant, it was contended that while negating the claim of injunction, the learned Single Judge failed to take note of the transborder reputation developed by the appellants. The other point put forth was that the appellants are the first entrant in India of their product "SUNSTOP", as such, the relief sought for ought to have been granted in favour of the appellants. On behalf of the respondent, it was contended that both the points were well considered by the single Judge and negated the relief of injunction. There is no reason, much less, legal reason for adducing additional evidence at the appellate stage stated in the application and the application has to be rejected.

9. The principle relating to the grant of an order of injunction in an action of passing off has been repeatedly considered by the Supreme Court in several cases and uniformly held that the doctrine of passing off is a common law remedy whereby a person is prevented from trying to wrongfully utilise the reputation and goodwill of another by trying to deceive the public through "passing-off" his goods. In Kerly's Law of Trade Marks and Trade Names, supplement pp. 42 and 43, para 16-02, the concept of passing-off is stated as under:

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

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

the plaintiff's goods or services.

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

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

10. What is the goodwill or reputation attached to the goods or service, which is one of the requirement in an action for passing off was also considered by the Supreme Court and held that goodwill is "the whole advantage, whatever it may be of the reputation and connection of the firm, which may have been built up by years of honest work or gained by lavish expenditure of money. It is the benefit and advantage of the good-name, reputation, and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. If there is one attribute common to all cases of goodwill it is the attribute of locality. For goodwill has no independent existence. It cannot subsist by itself. It must be attached to a business. Destroy the business, and the goodwill perishes with it, though elements remain which may perhaps be gathered up and be revived again. To determine the nature of the goodwill in any given case, it is necessary to consider the type of business and the type of customer which such a business is inherently likely to attract as well as the surrounding circumstances. The goodwill of a business is a composite thing referable in part to its locality, in part to the way in which it is conducted and the personality of those who conduct it, and in part to the likelihood of competition. (vide S.C.CAMBATTA & PO PRIVATE LIMITED VS. COMMISSIONER OF EXCISE PROFITS TAX, AIR 1961 SC 1010 in which the observations made in Inland Revenue Commissioners v. Muller & Co.'s Margarin, Ltd (1901) AC 217 (HL), Daniell v. Federal Commissioner of Taxation (1928) 42 CLR 296 and Federal Commissioner of Taxation v. Williamson (1943) 67 CLR 561 were quoted).

11. In respect of reputation, it was held by the Supreme Court that though the sales turnover of the business need not necessarily be indicative of the reputation that the business house has among its customers, it is certainly one of the important factors to be taken into account when a multinational company seeks to injunct a local company from passing off their goods. The extent of market presence, is reflected only by the turnover. That is why the Supreme Court made it clear in the case of UNIPLY INDUSTRIES LTD. VS. UNICORN PLYWOOD PVT.LTD. AND OTHERS (2001 PTC 417 (SC) that the gist of passing off is in relation to goodwill and reputation to goods" and that the real test to be applied would be "(i) continuous prior user (ii) the volume of sales and (iii) the degree of familiarity.

12. Applying the above tests, if we consider the case on hand, it could be seen that the sale achieved by the first appellant world wide over the past seven years from 2000 to 2007 as reflected in the plaint is USD 470,000 after incurring expenditure of about USD 180,000, which cannot be stated to be a transborder achievement. The respondent has claimed that after incurring an expenditure of Rs.1,35,174/- towards sales promotion and advertisement for the year 2007-2008, the respondent achieved a turnover approximately RS.33.05 lakhs, which is evident from document Nos.9 and 10 of the respondent/defendant i.e., certificates dated 16.11.2007 and 20.11.2007 respectively.

13. The appellants contended that they had participated in several international conventions and conferences and their products were advertised in those conferences. In the conferences of dermatologists of SAARC held in 2003 in Sri Lanka, 185 doctors from India participated and that they made enquiries about the product in question, which was reflective of the reputation established by the first appellant/plaintiff. However, the material on record revealed that only on 19.10.2007 and 19.11.2007 the first appellant had despatched about 1553 units (753 units of 45 ml pack and 800 units of 120 ml pack) for sale apart from 48 units of 45 ml pack and 1200 units of 5 ml pack as samples for launch and VIP doctors. Though in 2003, 185 Indian doctors made enquiries about the product in question, there was nothing happened material thereafter and the appellants also are not able to give any reason as to why such enquiry has not been exploited to their advantage till 2007. Thus, the contention of the plaintiffs/ appellants that they had established the transborder reputation cannot be regarded as established by the appellants.

14. Though it was the specifically admitted stand of the appellants before the learned single Judge that the entry of the appellants' products in Indian market is later in point of time to the entry of the respondent's products, now by filing certain documents in the appellate stage as additional evidence, the appellants want to contend that their entering into Indian market was early. From the documents made available in the typed set of papers, it is evident that all the documents are from May 2007 to October 2007, wherein the quantity of Sunstop in 2 Nos and one number were sent to India and in those documents the reason for export is stated as "samples for evaluation". The same reason is stated in respect of the said product of 2 to 5 quantities sent to the companies of other countries in the year 2007 viz., Austrade - Australian High Commission, Vietnam, Goldpus Universal Pte Ltd, Singapore Abacosc Limited, Greece, Metrolite Trading Limited, Hong Kong, Austrade - Australian Trade Commission, Mauritius, Sina Vista Daroo Company, Tehran, Bad Alnoor Est., Jordan, ADK Company Pvt.Ltd., Republic of Maldives and Austrade - Trade Commission. The reason for not filing the said documents has been stated by the appellants that these documents were in their Archives and were not traceable, which we are not able to accept on the face of it, but liable to be rejected. Even assuming for the purpose of argument the reason is acceptable, even then these documents would not, in our view, improve the case that

the appellants have entered in the market in India early in point of time as the documents cannot be regarded as documents for supply of "Sunstop" to Indian pharmaceutical companies for sale to the public at large.

15. Much reliance has been placed by the appellants on a Division Bench judgment of this Court in the case of HAW PAR BROS. INTERNATIONAL LTD. VS. TIGER BALM CO.(P) LTD. AND OTHERS, 1996 PTC (16) (DB) 311. The said case cannot be, in our considered view, taken as similar to the present one. Tiger Balm is a pain balm, medical ointment used for head ache, a popular balm. Even in India, the unwary Indian people used to purchase by pointing out the name "Tiger Balm", which is available even in petty shops. In addition to that, in that case, the trade mark was registered and there is plenty of evidence by way of documents, wherein it was established that the appellant therein carried on internationally well established business as manufacturers and merchants of herbal products including inter alia, pain balm, a medicinal ointment. The Company was established in Singapore in the year 1932. After taking into consideration of the voluminous documents adduced before the Court, the Court has granted the relief in favour of the appellant. But the facts of the present case, as narrated above, cannot at any stretch of imagination be regarded as similar to the Tiger Balm case.

16. The appellants also relied on another Division Bench judgment of this Court in the case of JOLEN INC., REP.BY ITS CONSTITUTED ATTORNEY, MR.A.ARULSELVAN VS. SHOBANLAL JAIN AND OTHERS, 2005(30) PTC 385. In that case, on facts, it was found that the prior user of the trade mark, prima facie, established by the plaintiff by way of documentary evidence including advertisement. The respondents therein got subsequently registered their trade mark "Jolen". The transborder reputation of the appellant was established by the fact that the appellant marketed the goods. In that case also, the Division Bench has held that the criteria taken into consideration for granting the interim relief was whether such a relief, if not granted, it would cause irreparable loss and injury to the appellant. Here, on the case on hand, there is absolutely no material on the side of the appellants to come to the conclusion that the appellants were subjected to irreparable loss and injury because of the rejection of the injunction order. However, the relief of injunction was granted in that case considering the fact that there was a complete and slavish copy of the appellant's trade mark by the respondents in their container and carton. Here in this case, though the carton of the appellants as well as the respondent were produced before the Court, except the wording "Sunstop", even to the naked eye, it cannot be stated to be deceptively similar to each other or causing confusion.

17. In the case of MILMET OFTHO INDUSTRIES AND OTHERS VS. ALLERGAN INC., (2004) 12 SCC 624, after taking note of the N.R.Dongre v. Whirlpool Corporation., (1996) 5 SCC 714 and Cardila Health Care Limited v. Cardila Pharmaceuticals Limited, (2001) 5 SCC 73, the Supreme Court has given a note of caution to the effect that multinational corporations, which have no intention of coming to

India or introducing their product in India should not be allowed to throttle an Indian company by not permitting it to sell a product in India, if the Indian company has genuinely adopted the mark and developed the product and is first in the market. Thus the ultimate test should be, who is first in the market." This decision is in favour of the respondent herein.

18. In the case of WANDER LTD. VS. ANTOX INDIA (P) LTD., (1990 (SUPPL) SCC 727, the Supreme Court has held that the object of the interlocutory, injunction, was to protect the plaintiff against injury by violation of his rights for which he could not adequately be compensated in damages recoverable in the action if the uncertainty were resolved in his favour at the trial. The need for such protection must be weighed against the corresponding need for the defendant to be protected against injury resulting from his having been prevented from exercising his own legal rights for which he could not be adequately compensated. The Court must weigh on need against another and determine where the "balance of convenience lies". The interlocutory remedy is intended to preserve in status quo, the rights of parties which may appear on a prima facie. The Court also, in restraining a defendant from exercising what he considers his legal right but what the plaintiff would like to be prevented, puts into the scales, as a relevant consideration whether the defendant has yet to commence his enterprise or whether he has already been doing so in which latter case considerations somewhat different from those that apply to a case where the defendant is yet to commence his enterprise, are attracted.

19. The discussion above made in earlier paragraphs clearly indicates prima facie that the appellants have not even entered and established their mark in respect of its product "Sunspot" in India. However, the respondent has established a good deal of market, being first in the market.

20. Finally, in the above said judgment of Wanders Ltd., referred above, the Supreme Court has given a cautionary note to the appellate Court by saying that the appellate court would not interfere with the exercise of discretion of the court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, or capriciously or perversely or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. An appeal against exercise of discretion is said to be an appeal on principle. Appellate court would not reassess the material and seek to reach a conclusion different from the one reached by the court below if the one reached by that court was reasonably possible on the material. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion. If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion.

21. We are of the view that the learned single Judge has taken into consideration all the materials and decided the issue judiciously. No capriciousness can be pointed out in the order of the learned single Judge. On the factual analysis of the facts with reference to the evidence adduced and in the light of the legal principles enunciated by the Supreme Court and stated surpa, we are of the view that the appeal is devoid of any merit and liable to be dismissed and the same is dismissed. However, there is no order as to costs. The connected M.P.No.2 of 2008 is rejected.

Sd/-

Asst. Registrar

/ True Copy /

Sub.Asst Registrar

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To.

The Sub Assistant Registrar,
Original Side,
High Court, Madras.

+ 1 cc to Mr.A.A.Mohan,Advocate,SR.27048

+ 1 cc to Mr.T.D.Selvan Babu,Advocate,SR.27144

O.S.A.NO.292 of 2008

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