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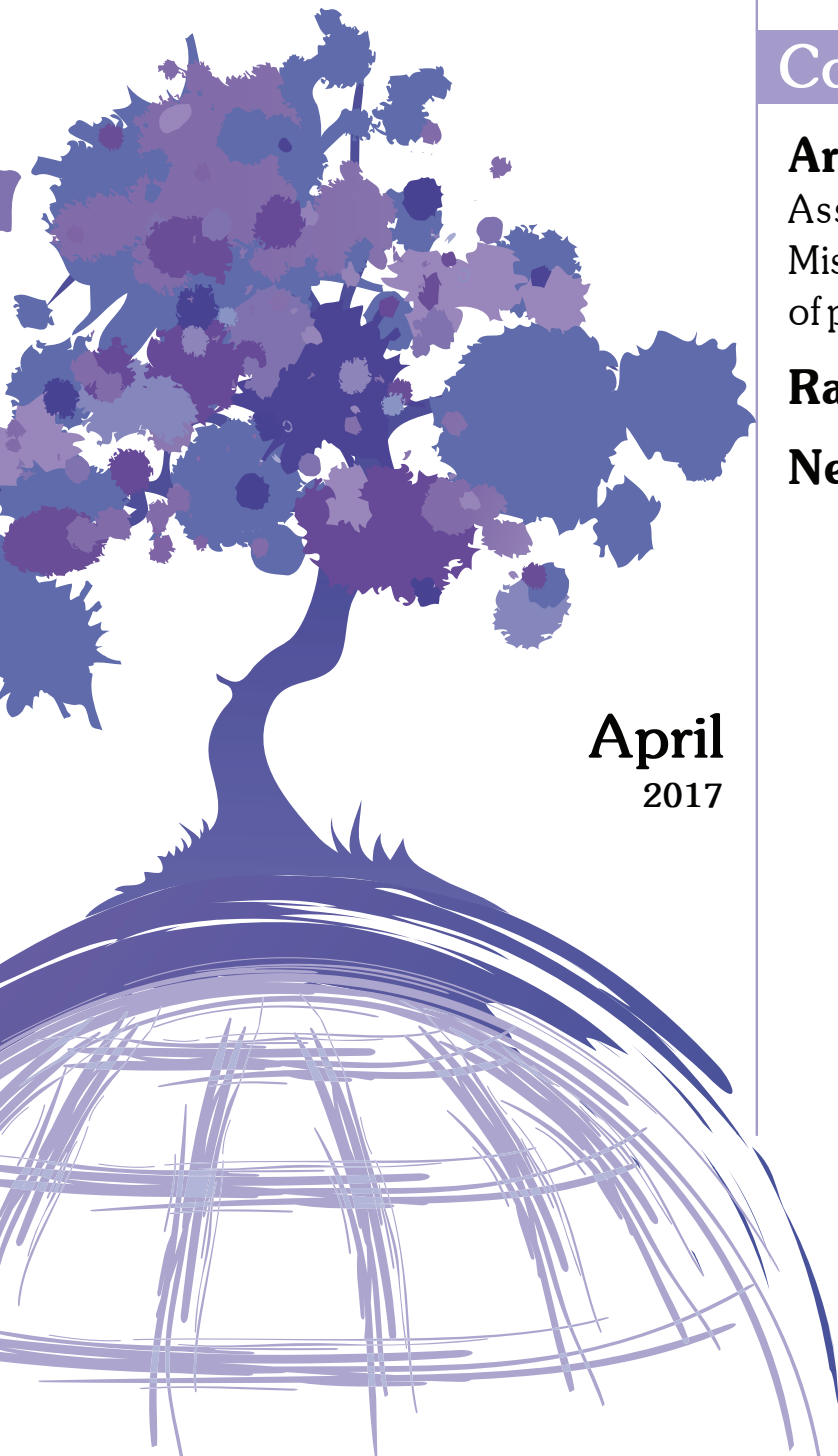
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## Article

### Assessing 'Likelihood of Misrepresentation' in matters of passing off

By **Vindhya.S.Mani**

Indian Courts have predominantly applied the test, termed as the 'Classical Trinity factors' as set out in the landmark House of Lords decision in *Reckitt & Colman Products Ltd v Borden Inc.* [1990] 1 All ER 873, to determine whether a defendant was passing off his goods as that of the plaintiff's. The test requires the assessment of the following factors namely, (i) goodwill owned by a claimant (plaintiff); (ii) misrepresentation by the defendant; and (iii) likelihood of damage to that goodwill.

In a recent decision of *Torrent Pharmaceuticals Ltd. vs. Wockhardt Ltd. & Anr.*<sup>1</sup>, pertaining to a trademark infringement and passing off suit; the Single Judge of the Bombay High Court was faced with assessing the importance of one of the 'Classical Trinity factors', that is the 'likelihood of misrepresentation'. Since the marks of both parties were registered, the Single Judge restricted the adjudication to only the action of passing off. The specific issue before the Single Judge was where similarity between the competing marks is not disputed, should likelihood of misrepresentation be presumed such as to result in a restraint order in favour of the plaintiff.

The Single Judge analysed the importance of said factor in the context that passing off is an action in deceit, and held that for a restraint

order to be issued in a passing off action, there must be some material on record to show actionable misrepresentation by a defendant in attempting to parade his goods as that of the plaintiff. The Single Judge further held that the misrepresentation must be as to source, provenance or origin of the goods or services. Most importantly the Single Judge clarified that a distinction is to be made between 'likelihood of misrepresentation', 'likelihood of confusion' and 'likelihood of damage' and held that "*Confusion is not always deception, but the purpose of deception is to confuse and confound*". In applying the above principles to the facts of the instant case, the Single Judge held that the plaintiff failed to establish the "Classical Trinity factors" and specifically held that the plaintiff failed to show any *prima facie* misrepresentation and accordingly refrained from issuing an interim injunction in favour of the plaintiff.

#### *Brief facts and contentions of the parties:*

Torrent Pharmaceuticals Ltd. (Torrent/Plaintiff) instituted a suit for trademark infringement and passing off relying upon its registered marks "CHYMORAL" and "CHYMORAL FORTE", against Wockhardt Ltd. (Wockhardt/Defendant) and another,

<sup>1</sup> Notice of Motion (L) No. 35 of 2017 in Commercial Suit (L) No. 32 of 2017 dated 15th March, 2017; uploaded on the Bombay High Court website on 21st March, 2017.

alleging that the use of their registered mark, “CHYMTRAL FORTE” amounted to passing off of the plaintiff’s registered marks. The marks of both parties are used in respect of pharmaceutical compositions comprising proteolytic enzymes, trypsin and chymotrypsin as active ingredients and functioning as anti-inflammatory, anti-exudative (for swelling or oedema reduction), mycolytic (breaking down bronchial secretions) and quickened wound healing.

Torrent asserted that its mark was registered in India as far back as 1962 and that it discovered Wockhardt’s virtually identical mark to that of its own and that it was used in respect of the same pharmaceutical composition as that of its own, only in June 2016 and accordingly alleged that there exists likelihood on consumers mistaking Wockhardt’s product as one by Torrent, thereby resulting in passing off. Torrent also relied upon the Supreme Court decision in *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.* (2001) 5 SCC 73 to assert that in matters pertaining to pharmaceuticals, a higher degree of caution comes into play and that a commonplace consumer would be confused on seeing Wockhardt’s product. Wockhardt, on the other hand asserted that it applied for registration of the mark “CHYMTRAL FORTE” on 5th March, 2009, on a ‘proposed to be used basis’ which proceeded to registration on 9th February, 2011. In the light of the same, Wockhardt alleged that the products of both parties have co-existed in the market for a length of time and

that Torrent, despite knowledge of Wockhardt’s product did not take any action. Wockhardt also argued that there is nothing on record to show that Wockhardt at any time attempted to dupe, deceive or delude anyone into believing that products bearing the mark “CHYMTRAL FORTE” was a Torrent product.

### *Decision of the court:*

The Single Judge *firstly* took into consideration the following important factual details. The Single Judge noted that Wockhardt launched “CHYMTRAL FORTE” in 2009 and that its sales for said product rose from about Rs. 27 lakhs in 2009 to Rs. 3.82 crores in 2016. The Single Judge also noted that Wockhardt’s application for registration of the mark “CHYMTRAL FORTE” was advertised in the Trade Marks Journal No. 1441 on 1st June, 2010 and importantly the Single Judge noted that there was no opposition to said mark till its registration on 9th February, 2011. The Single Judge also took into consideration the fact that following an oral demand to withdraw its product by Torrent in June, 2016; Wockhardt filed and served caveats in High Courts of different jurisdictions under Section 148-A of the Code of Civil Procedure, 1908, which expired in October, 2016, but Torrent instituted the instant suit only on 30th January, 2017. Based on the above facts, the Single Judge observed that it was difficult to accept that Torrent was made aware of Wockhardt’s product only in June, 2016 and noted that this was enough to deny the Plaintiff interim relief.

*Secondly*, on the assessment of the factor of ‘likelihood of misrepresentation’, the Single Judge concurred with Wockhardt’s submissions that while confusion may be assumed, deceit or deception may not. The Single Judge held that a plaintiff must show false representation, albeit unintentional, to the public that leads it to believe that the goods or services of the defendant are those of the plaintiff. The Single Judge also cautioned that while similarity tests used for infringement analysis have a role to play, they are not always necessarily determinative in passing off analysis. The Single Judge thus held that Torrent failed to show any *prima facie* misrepresentation by Wockhardt.

*Thirdly*, the Single Judge analysed as to whether Torrent established goodwill and reputation in its registered marks. In this regard, the Single Judge explained that it is not enough for a plaintiff to only show volumes and sales, but emphasized that the plaintiff must prove goodwill and reputation of the kind that results in the association of the product with its source or maker. The Single Judge stressed that this is the essence of the first of the “Classical trinity factors”, namely ‘goodwill owned by a claimant’. Applying the above principle to the facts of the instant case, the Single Judge observed that Torrent only adduced statements of sales, invoices, promotional materials etc. and held that Torrent failed to establish the necessary linkage or association in the public mind between the product and its maker such that there is a

one-ness, a unity between the product and its source. The Single Judge thus held that Torrent failed to establish goodwill and reputation in its registered marks.

*Fourthly*, the Single Judge noted that in the light of Wockhardt’s trademark registration in 2011 and its caveat petitions in 2016, Torrent’s conduct in instituting the instant suit on 30th January, 2017 was one amounting to acquiescence in the form of silent assent. In this regard, the Single Judge clarified that while delay is not acquiescence, prolonged inaction coupled with the knowledge of invasion of a right amount to acquiescence.

*Fifthly*, the Single Judge considered the parties’ submissions on the issue that matters pertaining to pharmaceuticals require a higher degree of caution. In this regard, the Single Judge observed that the higher degree of caution as proposed by the Supreme Court in the decision of *Cadila* was rendered with a view to avoid public injury and specifically in cases where competing marks were for drugs to cure the same ailment, albeit with different compositions and therefore mistaking one for the other could be dangerous. With respect to the instant case, the Single Judge, by relying upon the reasoning in *Schering Corporation & Anr. v. United Biotech (P) Ltd. & Anr.* (2010 (7) MhLJ 611; held that there was no dispute that the competing marks were directed to the same pharmaceutical composition and thus held there would be no threat of public injury if one was mistaken for the other.

*Finally*, the Single Judge held that Torrent

failed to fulfil the conditions for grant of an interim injunction, that it failed to establish a *prima facie* case, failed to establish that the balance of convenience lies in its favour and also failed to establish that irreparable harm and injury would be caused to Torrent if the interim injunction is not granted in its favour.

### **Analysis**

The instant decision of the Single Judge of the Bombay High Court provides a holistic view of the requirements to establish a case of passing off and focusses on the burden of proof upon the plaintiff to fulfil the ‘Classical Trinity factors’ for a favourable interim injunction.

Most importantly, the instant decision clarifies two important aspects in passing off matters, *first*, that merely establishing similarity between competing marks will not automatically satisfy the criteria of establishing ‘likelihood of misrepresentation’ and *second*, that to prove reputation merely filing documents evidencing sale, such as invoices and brochures before the Court, will not suffice and to prove “goodwill and reputation” it will be important to associate the product with its source or maker.

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## **Ratio Decidendi**

### **Design – Each component of the design need not be tested for originality and novelty**

The plaintiff, a manufacturer of plastic insulated products claimed infringement of the registered design of its water bottle ‘PURO’ with a two-tone colour scheme, flip top and unique surface pattern and that the ‘Kudoz’ bottles sold by the defendant would mislead the public into thinking they were products of the plaintiff. The defendant argued that all bottles – containers for liquids - are vertical and cylindrical and there was no uniqueness or novelty in the design of the plaintiff. Rather, the design was a mosaic of prior art of various integers that made up the design. The High Court however, did not agree with this contention. The Court opined that to say no vertical cylindrical fluid container can have either originality or novelty is an oversimplification of the Designs Act and

that ‘mark’ under the Trademarks Act includes shape of goods, It held that when seen side by side, the products were incapable of being distinguished. The test to be applied was whether the essentials of that which makes the design visually appealing have been substantially, but not necessarily exactly, copied. The defendant’s product adopted the same colour scheme and packaging and it was not possible to distinguish one from the other. Thus the Court granted interim injunction restraining the defendants from infringing and in any manner passing off the Plaintiffs’ registered designs in water bottles. [*Cello Household Products v. Modware India*, Suit (L)No. 48/2017, Judgement dated 30-3-2017, High Court of Bombay]

### **Territorial jurisdiction to vest in court of the State where cause of action arises**

The suit pertained to an infringement and passing off action based on the Plaintiffs’ marks

GOA and GO4 in respect of alcoholic beverages. The plaintiff claimed that its principal office was in Delhi and it had a subordinate office in Mumbai. The plaintiff instituted the suit in Delhi stating that there was credible and imminent threat that the defendant would launch the infringing products in Delhi. However, noting that to sell the product, the defendant was required to obtain license from State Excise department and it had not done so, the Court held that no cause of action arose in Delhi. It held that when a threatened act cannot be done without following a procedure and that procedure has not even been initiated, the threat cannot be said to be real and imminent so as to vest the Court with the jurisdiction even in a *quia timet* action. It thus held that cause of action, if any, would arise in Mumbai where the plaintiff had a place of business and the defendants were selling their products rather than in Delhi where the plaintiff apprehended that there may be sale and dismissed the suit. [*Radico Khaitan Ltd v. Nakshatra Distilleries & Breweries Ltd*, CS(OS) No. 1891/2015, judgement dated 28-3-2017, Delhi High Court]

### Use of a word descriptive of services as a trademark can be eligible for IP protection

The plaintiff was the proprietor of the registered label marks comprising the word “Darzi” and was using the same for providing tailoring services. The defendants on the other hand were using the mark “Darzi on call” also for tailoring services. They argued that the name was generic and the plaintiffs could not claim

any exclusivity in respect of any part of the label mark. Also, the label mark was registered under class of textiles which was not the business of the plaintiff. It was held that although the word “Darzi” in Urdu means tailor, said word is not descriptive as the said word was never been used in the territory of Delhi for depicting tailoring services. It was used in the course of speaking to indicate the profession. Also, since the defendants also sought registration of the mark using Darzi they could not advance a plea that it was generic. An interesting observation by the Court to the defendant’s contention that there were other people using Darzi as part of their trading name and the plaintiff had not objected to the same, was that the plaintiff is not expected to go after each and every person who may infringe. As between the plaintiff and the defendant, there was no doubt that the adoption by the defendant was dishonest and its use of the mark was likely to confuse customers. Thus, the Court held that a distinction was to be carved between use of a word as descriptive of services provided under a trade name / trade mark and use of that word as trade name / trade mark in itself and granted an interim injunction in favour of the plaintiffs and against the defendants. [*Sunil Mittal v. Darzi on Call*, CS(COMM) 1381/2016, Judgment dated 19-4-2017, High Court of Delhi]

### Production bible of a TV show without novel elements is not a copyrightable work

The plaintiff claimed that its copyright in the format/elements of a reality show to identify

children with acting talent was infringed by the defendant who had also produced a show aimed at identifying talented children. The plaintiff produced a production bible which laid out the format of the show, its thematic concept, various elements of the show, qualities expected in a judge, host and so on to establish that it had come up with a unique 'copyrightable' work. However, the Court held that though it may be possible to claim copyright in a production

bible, the plaintiff could not establish how the skill or labour expended by it resulted in a novel sequencing of the event, in subjecting children to various tests, eliminating the less talented ones and rewarding the winners. Thus, the Court declined to grant the injunction sought by the plaintiff. [*Zee Entertainment Ltd v. Sony Picture Networks India & Ors*, CS (L) No. 74/2017, Judgement dated 4-4-2017, High Court of Bombay]

## News Nuggets

### Madras High Court stays notification on disposal of abandonment of applications/petitions

The Acting Chairman of the IPAB by way of a notification constituted the Deputy Registrar Court for taking up cases for hearing with reference to administrative process of maintainability of the abandonment of Applications/appeals on account of defects pending under S.R. stage including receipt of filing counterstatements, replies, issuance of notices and extending extension up to 30 days to the parties in miscellaneous proceedings related appeals/ applications filed before the IPAB registry. The notification has been stayed by Division Bench of the Hon'ble Madras High Court by an Order dated 22nd March 2017 with direction to

the authorities to consider the grievance of the petitioner for appointment of a full time Chairman.

### Copyright Board to be merged with IPAB

In his budget speech, the Indian Finance Minister stated that there were a number of tribunals in India with overlapping functions and measures would be taken to rationalise the number of tribunals and merge them where appropriate. As per the provisions of Finance Act, 2017, the Copyright Board will be merged with the Intellectual Property Appellate Board. Amendments to this effect have been made in Copyright Act and Trade Marks Act. This amendment will come into effect from a date to be notified later.

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