IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
IN ITS COMMERCIAL DIVISION
NOTICE OF MOTION (L) NO. 1890 OF 2018
IN
COMIP (L) NO. 1063 OF 2018

Glenmark Pharmaceuticals Ltd. …Plaintiff

Versus

1. Curetech Skincare
2. Galpha Laboratories Ltd. …Defendants

Mr. Hiren Kamod, Advocate alongwith Mr. Sanjeev S. Hariakar Advocate instructed by Sanjeev S. Hariakar, Advocate for the Plaintiff

Mr. C.M. Lokesh, Advocate for the Defendants.

Mr. Jyoti Prakash Narayan Singh, Mr. Nawal Kishore Singh, Ms. Neha Singh, Ms. Rinu Sharma, Directors of the Defendant No.2

CORAM: S.J. KATHAWALLA, J.
DATE: 28th AUGUST 2018

P.C. :

1. Pursuant to the order passed by me yesterday, the Directors of the Defendant No.2 are present in court.

2. The facts and circumstances in which this suit came to be filed by the Plaintiff are already mentioned in detail in the order dated 8th August 2018. Pursuant to the said order dated 8th August 2018, the Court Receiver visited the premises of the Defendants and seized the impugned products of the Defendants bearing the impugned trade

mark/label CLODID. The Court Receiver has filed its Report. A statement provided by the Defendant No.2 containing the annual figures (quantity) of impugned goods manufactured/sold by the Defendant No.2 between the period 2007-2008 and 2017-2018 is also annexed to the Report. As per the said statement, the total quantity of the impugned medicinal products bearing the impugned trade mark CLODID manufactured and sold by the Defendants is about 65,23,554 (Sixty Five Lakhs Twenty Three Thousand Five Hundred and Fifty Four).

3. Mr. C.M. Lokesh, Ld. Advocate appearing for both the Defendants upon instructions submitted that the Defendant No.1 is only a contract manufacturer who was manufacturing the impugned products for and on behalf of the Defendant No.2 who claims to be the proprietor of the impugned mark. He submitted that Defendant No.1 has never claimed any right in respect of the impugned mark. Copy of the Contract Manufacturing Agreement dated 2nd September 2013 executed between the Defendant Nos.1 and 2 also forms a part of the report filed by the Court Receiver. He submitted that under the Contract Manufacturing Agreement, the art-work, labels and marks were provided by the Defendant No.2 to Defendant No.1. He submitted that the Defendant No.1 is ready to submit to a decree of permanent injunction.

4. Mr. C.M. Lokesh submitted that in so far as the Defendant No.2 is concerned, they do not wish to contest the present suit and are willing to submit to a decree.

5. Upon enquiring with Mr. Jyoti Prakash Narayan Singh, Managing Director of the Defendant No.2, who is present before me today, about the infringing activities of the Defendant No.2, he submitted that the impugned trade mark was adopted by the Defendant No.2 by mistake and that they have not been involved in any other infringing activities. He submitted that, in fact, the Defendant No.2 owns several trade marks

and takes its intellectual property rights seriously. He admitted that they ought to have acted diligently before adopting and using the impugned trade mark. He submitted that in the last ten years, the Defendant No.2 has sold the impugned goods bearing the mark CLODID worth Rs.2.92 crores approximately. He submitted that the Defendant No.2 is willing to submit to a decree and bringing an end to the present suit.

6. Mr. Kamod, Ld. Advocate appearing for the Plaintiff submitted that though the Defendant No.2 is ready to submit to a decree, they should not be allowed to go scot free as this is not the first time that the Defendant No.2 has copied the Plaintiff's trade mark. He submitted that the Defendant No.2 is a habitual infringer. He submitted that in the year 2003, the Plaintiff had sent a cease and desist notice dated 14th July 2003 to the Defendant No.2 in respect of their other trade mark ASCODIL which was copied by the Defendant No.2 from the Plaintiff's registered trade mark ASCORIL. In reply, the Defendant No.2 had tendered a written unconditional apology and given an undertaking dated 9th June 2004 to the Plaintiff inter alia stating that they would not infringe the Plaintiff's rights and use the mark ASCODIL in future. Mr. Kamod tendered copies of the said cease and desist notice and Defendant No.2's undertaking to this Court.

7. Mr. Kamod further submitted that Defendant No.2 has in past, copied not only the Plaintiff's trade marks but also trade marks belonging to other well-known pharmaceutical companies. He submitted that even the Delhi High Court in its judgment and order dated 4th January 2016 passed in the case of ***Win-Medicare Pvt. Ltd. Vs. Galpha Laboratories Ltd. & Ors.***[1] has categorically observed that the Defendant No.2 is a 'habitual infringer'. He submitted that various companies such as Centaur Pharma Pvt. Ltd., Franco-Indian Pharma Pvt. Ltd., Cipla Ltd. have filed suits for infringement/passing off against the Defendant No.2

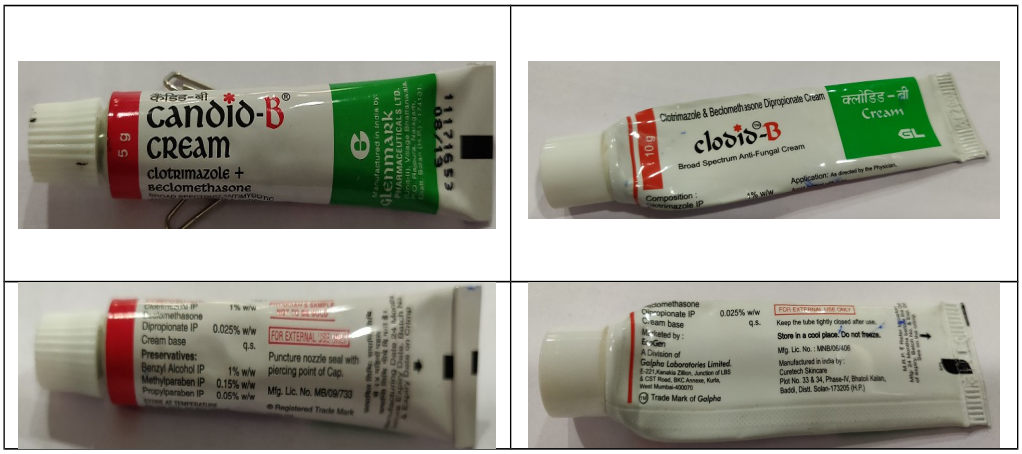
[1] Win-Medicare Pvt. Ltd. Vs. Galpha Laboratories Ltd. & Ors. reported in 2016 (65) PTC 506 (Del)

in this Court. He submitted that apart from the above infringing activities, there have been many instances in the past where the medicinal products of the Defendant No.2 have been found to be "***Not of standard quality/Spurious***" by Central Drugs Standard Control Organization. He submitted that there are various news articles available online which reveal that the Defendant No.2 has violated FDA regulations several times. He has tendered a compilation of documents in support of his above contentions and submitted that the said material is available in public domain. He submitted that in view of the repeated dishonest conduct of the Defendant No.2, though the Defendant No.2 is ready to submit to a decree, heavy costs should be imposed upon them so that the same may serve as a deterrent factor in future.

8. Drugs are not sweets. Pharmaceutical companies which provide medicines for health of the consumers have a special duty of care towards them. These companies, in fact, have a greater responsibility towards the general public. However, nowadays, the corporate and financial goals of such companies cloud the decision of its executives whose decisions are incentivized by profits, more often than not, at the cost of public health. This case is a perfect example of just that.

9. To understand the gravity and nature of the infringing activities of the Defendants in the present case, one has to only look at the medicinal product of the Defendants which is nothing but a systematic copy of the Plaintiff's product. The Defendant has blatantly copied the word mark, art work, colour scheme, font style, manner of writing, trade dress of the Plaintiff's product CANDID to the last millimeter. The photographs of the Plaintiff's and Defendants' medicinal products are reproduced hereinbelow.

PLAINTIFF'S PRODUCT	**DEFENDANTS' PRODUCT**
CANDID – B	**CLODID - B**



10. Generally, in these kinds of cases of infringement of trade mark, copyright and passing off, if the Defendants appear and show willingness to submit to a decree, the Courts are generally lenient and allow the parties to settle the matter with no or nominal costs. However, this is not one of those cases. This is a case where the conduct of the Defendant No.2 is not only dishonest but also audacious and such which displays no regards to the authority/rule of law.

11. The written apology and undertaking dated 9th June 2004 given by the Defendant No.2 to the Plaintiff *inter alia* agreeing that they would not use the mark ASCODIL in future was signed by one Mrs. Anju Singh, Director of the Defendant No.2. Upon enquiring with Mr. Jyoti Prakash Narayan Singh, who is present before me today, about the said Ms. Anju Singh, he informed the Court that Mrs. Anju Singh is his mother who though is the Director of the Defendant No.2, she is not aware of or involved in the business of the Defendant No.2 at all. I find it surprising and shocking that out of all the Directors of the Defendant No.2, they chose to give an undertaking of a lady Director who admittedly is not involved in the business of the Defendant No.2 at all. After tendering a written apology and undertaking, one is expected to be careful and cautious while conducting its business, but the actions of the Defendant No.2 are far from being careful or cautious and to say, at the least, are shocking and appalling.

12. It is apparent from the record before me that various pharmaceutical companies such as Cipla Ltd. (suit instituted in 2001); Franco-Indian Pharma Pvt. Ltd. (suit instituted in 2004); Smithkline Beecham PLC (suit instituted in 2006); Times Drugs and Pharmaceuticals (P) Ltd. (suit instituted in 2008); Jagsonpal Pharmaceuticals Ltd. (suit instituted in 2008); Win-Medicare Pvt. Ltd. (suit instituted in 2014); Centaur Pharma Pvt. Ltd.(suit instituted in 2017), have instituted actions in various courts and most of them have obtained injunction orders against the Defendant No.2 for infringement of their trade marks/passing off. The fact that there are so many cases filed against the Defendant No.2 wherein injunction orders have been passed against the Defendant No.2, shows that the Defendant No.2 has indulged in infringing activities consistently. In fact, in the case of **Win-Medicare Pvt. Ltd. (supra)**, Delhi High Court (Manmohan Singh J.) has observed the following in respect of the present Defendant No.2 (Defendant No.1 in the suit before the Delhi High Court) in paragraphs 29 and 33:

> *"29. The defendants being involved in the same trade ought to have been aware……..When the very adoption is tainted with dishonesty no amount of use can cleanse the dishonesty."*

> *"33. It is also a matter of record that the Defendant No. 1 is a habitual infringer which is evident from the fact that various parties such as Times Drugs and Pharmaceuticals (P) Ltd., Smithkline Beecham PLC and Jagsonpal Pharmaceuticals Ltd. have filed suits against the Defendant No. 1 in the past before this Court. In the suit filed by Smithkline Beecham PLC, being Suit No. 2371 of 2006, the Defendant No. 1, it appears, was restrained from using the mark ECOCIN in violation of the trademark*

CROCIN. Similarly, in the suit filed by Times Drugs and Pharmaceuticals (P) Ltd. being Suit No. 1839 of 2008, the Defendant No. 1 was restrained from using the mark DPS in violation of the trademark DPS and in the suit filed by Jagsonpal Pharmaceuticals Ltd., being Suit No. 1605 of 2008, the Defendant No. 1 was restrained from using the mark RINGWORM CUTER in violation of the mark RINGCUTER."

There is, therefore, no doubt in my mind that the Defendant No.2 is a habitual offender with a set modus operandi of copying brands of other companies to make profits.

13. Now I turn to another serious aspect of the matter which has been pointed out through various documents which form a part of the compilation of documents tendered today. In March 2017, Central Drugs Standard Control Organization (CDSCO) had published a list of drugs which are "Not of Standard Quality/Spurious/Adulterated/Misbranded". It is pertinent to note that the said list includes five products which belong to the Defendant No.2. In a similar list published in March 2014, some of the drugs of the Defendant No.2 were declared as "substandard". There is a news article dated 31st January 2012 published in The Times of India titled "Iron particles found in iron tablets sold in state" wherein it is stated that analysis of the iron tablet "Solufer-XT" of Defendant No.2 revealed that the said iron tablet contained 117 mg of free iron particles, more than 193% of the labelled quantity. It appears that Mr. Mahesh Zagade, the then FDA Commissioner had directed the Defendant No.2 to forthwith withdraw the entire stock of the said product from Maharashtra and had asked 76,000 odd medical stores, public health and medical education departments not to prescribe the said tablets. Further, there is a news report dated 15th June 2012 wherein it is stated that some of the drugs of the Defendant No.2 were found to

be "Not of standard drugs" by Maharashtra Food and Drug Administration. As per another news report dated 20th August 2008 published in The Times of India titled "Spurious drugs worth Rs.1.5 cr seized", it is stated that drugs worth Rs.1.5 crore of Defendant No.2 were seized by the Drugs Control Administration (DCA) as the same were found to be "Not of Standard Quality" (NSQ).

14. While the Directors of the Defendant No.2 did not deny any of the above reports, it was submitted that the above actions/prosecutions are being contested by the Defendant No.2 and some of them have been quashed. It was further submitted that due to the nature of the ingredients used in drugs and the process involved therein, sometimes, the parameters which are required to be maintained may change but the same is common to all the companies manufacturing medicinal and pharmaceutical preparations. I do not agree.

15. It is clear that the Defendant No.2 is not only indulging in infringing activities by repeatedly copying brands of other companies but also appears to be in complete violation of the FDA regulations. The conduct of the Defendant No.2 shows that this Defendant has no regard or respect to the rule of law. The consumers and general public are being repeatedly cheated by the Defendant No.2. I am of the opinion that had this Defendant been imposed with exemplary costs at the very beginning of their infringing activities, this Defendant would not have been audacious in repeating its infringing activities. I also feel that this is a fit case where directions should be issued to various enforcement agencies to look into the affairs of the Defendant No.2. No party, and particularly a party like this Defendant, should ever be under an impression that they can get away every time from the clutches of law despite being involved in these kinds of activities.

16. When I expressed my above opinion in court, Mr. Jyoti Prakash Narayan Singh, Managing Director of the Defendant No.2 submitted that they are ready to pay heavy costs to the Plaintiff in order to bring an end to the present suit. He submitted that the Defendant No.2 would not henceforth indulge in these kinds of infringing activities. He submitted that Defendant No.2 would henceforth ensure that the marks adopted and used by them do not violate the rights of other legitimate proprietors. He submitted that the Defendant No.2 would be more vigilant and would ensure that their products do not violate any of the FDA regulations. He requested that a last chance may be given to the Defendant No.2. Mr. Kamod and Mr. C.M. Lokesh, upon instructions, submitted that the quantum of cost, if any, should be decided by the Court.

17. Considering the facts of the present case and the conduct of the Defendant No.2, I was initially not in favour of showing any leniency to the Defendant No.2. However, considering the assurances given by Mr. Jyoti Prakash Narayan Singh, Managing Director of the Defendant No.2 and their willingness to pay heavy costs, I am of the opinion that one last chance can be given to the Defendant No.2 to henceforth conduct its business honestly without violating legitimate rights of other parties and strictly abiding by the FDA rules and regulations. Though the wrong done by the activities of the Defendant No.2 cannot be quantified in terms of money, I feel that in the facts and circumstances of the present case, an amount of Rs.1,50,00,000/- (Rupees One Crore Fifty Lakhs Only) is an appropriate amount of costs which should be paid by the Defendant No.2. Alongwith the cost, all the Directors of the Defendant No.2 must also give personal undertakings to this Court to the effect that the Defendant No.2 - would immediately withdraw all products bearing the impugned mark CLODID and its variants from the market and destroy the same; forthwith apply for cancellation of manufacturing permission granted under the impugned trade mark CLODID and its variants; shall conduct their business by strictly abiding to the rules and

regulations of the FDA and that they would not, in future, indulge in these kinds of infringing activities qua products of not only the Plaintiff but other pharmaceutical companies also.

18. Mr. Jyoti Prakash Narayan Singh, Managing Director of the Defendant No.2 agrees to pay the said costs and furnish the undertakings. Mr. Kamod, upon instructions, submits that the Plaintiff is willing to donate the entire amount of the costs to a charitable organization. He submits that instead of paying the costs to the Plaintiff, the Defendant No.2 may pay the costs directly to some charitable organization. Considering the catastrophe that has hit Kerala recently and the fact that Kerala Flood situation is a 'Disaster of Serious Nature' which has been categorized as L3 Level of Disaster by the National Disaster Management Guidelines, the Defendant No.2 should pay the costs of Rs.1,50,00,000/- (Rupees One Crore Fifty Lakhs Only) as a donation to the Kerala Chief Minister Distress Relief Fund.

19. By consent, the following order is passed:

(i) The above suit is decreed against the Defendants in terms of prayers clauses (a), (b), (c) and (e) to the Plaint.

(ii) The Defendant No.2 undertakes to pay cost of Rs. Rs.1,50,00,000/- (Rupees One Crore Fifty Lakhs only) by getting a Demand Draft drawn in the name of "The Principal Secretary (Finance), Treasurer, Chief Minister's Distress Relief Fund" payable at Thiruvanthapuram by Friday, 31st August 2018.

(iii) The Defendant No.2 undertakes to furnish personal undertakings of all their Directors by the next date i.e. 31st August 2018 to the effect that the Defendant No.2 - would immediately withdraw all products bearing the impugned mark CLODID and its variants

from the market and destroy the same; forthwith apply for cancellation of manufacturing permission granted under the impugned trade mark CLODID and its variants; shall conduct their business by strictly abiding to the rules and regulations of the FDA and that they would not, in future, indulge in these kinds of infringing activities qua products of not only the Plaintiff but other pharmaceutical companies also.

(iv) The goods seized by the Court Receiver, shall be destroyed in the presence of the Plaintiff's representative within a period of seven days at the cost of the Defendants.

(v) The Court Receiver stands discharged without passing accounts but subject to payment of his cost, charges and expenses within a period of one week from today by the Plaintiff.

(vi) The Suit as well as Notice of Motion are disposed off.

(vii) Refund of Court fees, if any, as per Rules.

20. List the above matter on Friday, 31st August 2018 for compliance.

(S.J. KATHAWALLA, J.)