

India

The Indian courts have adopted the principle of trans-border reputation to protect foreign pharmaceutical marks that have not been registered in India

The public safety and health issues surrounding pharmaceutical products have convinced courts around the world that stricter standards of protection are justified in relation to pharmaceutical trademarks – and India is no exception.

In India, pharmaceutical trademarks are governed by the Trademarks Act 1999 and the applicable case law. In addition, the definition of a ‘spurious drug’ in the Drugs and Cosmetics Act 1940 includes “a drug manufactured under a name which belongs to another drug or is an imitation of, or a substitute for, another drug; which resembles another drug in a manner likely to deceive; or which bears upon it or upon its label or container the name of another drug unless it is plainly and conspicuously marked so as to reveal its true character and its lack of identity with such other drug”. The Supreme Court has interpreted this provision to include trademark disputes.

By implicitly encompassing trademark disputes within the meaning of a ‘spurious drug’, the Drugs and Cosmetics Act 1940 therefore clearly enshrines a high level of protection for pharmaceutical trademarks. The act prohibits the manufacturing for sale, distribution or stocking for sale of spurious drugs. Contravention of this provision is likely to result in imprisonment for a period of up to three years and a fine.

Trademark case law in India reflects the growth of the global marketplace, technological developments and India’s convention obligations. With regard to pharmaceutical trademarks specifically, the Indian courts have also kept pace with jurisprudence from other countries, primarily the United Kingdom and the United States. Accordingly, the courts in India have diligently applied traditional trademark law to pharmaceutical trademark cases, taking into account the nature of this particular industry and the public safety issues involved.

Stricter standard

In the landmark case of *Cadila Health Care*

Ltd v Cadila Pharmaceuticals Ltd (2001 PTC 300 (SC)), the Supreme Court mandated a stricter standard for comparing competing pharmaceutical trademarks than for ordinary marks. The court noted that medicines are potentially dangerous. It also took into account the fact that even prescription (or Schedule H) drugs are routinely sold without prescription. Further, it observed that the general public in India is unable to discern these dissimilarities because of lack of education and the multiplicity of languages used across the country, among other reasons. This, the court determined, justified the application of a stricter standard for drugs. The Supreme Court also directed that the authorities, under the Drugs and Cosmetics Act 1940, should satisfy themselves that a drug does not cause any confusion in the market before granting permission to manufacture a drug under a brand name. Taking things a step further, the court also suggested that the drug authorities consider requiring applicants to submit an official search report from the Trademark Office pertaining to the trademark in question, to enable the drug authorities to reach the correct conclusion.

A host of complications arose from this suggestion. Firstly, the relevant authorities under the Drugs and Cosmetics Act are unable to appreciate the complex issues involved in a determination of deceptive similarity between two competing pharmaceutical trademarks. Secondly, to make a fair assessment between competing drugs, logic dictates that the drug authorities require not just a trademark search report, but also evidence of prior use and confusion – adjudicating defences available under the trademark law. However, there are no mechanisms in place under which appropriate persons in the drug authorities are given training in this field.

While the Trademarks Act 1999 does not include any specific provisions dealing with pharmaceutical trademarks, the courts have displayed a keen sense of awareness of this particular sector and accordingly have developed mature case law. In doing so, they have taken into account the need to maintain strict standards for

pharmaceutical trademarks due to public health issues. They have also determined several limitations to trademark ownership.

In the *Cadila Case*, the Supreme Court set out the principles to be kept in mind when dealing with an action for passing off, especially in cases relating to medicinal products. These principles were laid down prior to the introduction of the Trademarks Act 1999, which came into effect on September 15 2003 and provided for the consideration of factors such as:

- the nature of the marks;
- the degree of resemblance;
- any similarity in the nature, character and performance of the goods of the rival traders;
- the assessment of the class of purchasers likely to buy the goods, their education and intelligence, and the degree of care they are likely to exercise in purchasing the goods;
- the mode of purchasing the goods; and
- any other surrounding circumstances.

While appreciating the special status rightfully deserved by pharmaceutical trademarks, the Supreme Court carefully considered the relevance of assessing various factors fundamental to trademark law. The court rightly balanced the need to protect public health, which lies at the core of all pharmaceutical marks, and the need to assess whether confusion may occur. Therefore, factors such as whether the target market is educated and the character of the target market are considered. (The risks of confusion are drastically reduced if, for instance, the target market is pharmacists rather than end customers.)

A peculiar aspect of the pharmaceutical industry is its propensity to adopt trademarks which incorporate:

- the name of the active ingredient;
- parts of the name of a disease; or
- the organ to be treated.

Various courts have rightly held that the name of active ingredients, salts, organs and ailments are either *publici juris* or generic and thus cannot be claimed by anyone exclusively for use as trademarks. The practice, therefore, has been to use part of an

active ingredient's name as a prefix or suffix to a trademark. This has led to a host of cases where the courts have been guided by basic trademark law principles, including the standard basis for comparing the trademarks while applying the *Cadila* doctrine.

Bad-faith appropriation

Another issue arises in relation to international pharmaceutical trademarks that have not yet been used in India. Indian companies often seek to appropriate and/or register such marks in their own names. In *Milmet Oftho Industries v Allergan Inc* ((2004) 12 SCC 624), the Supreme Court upheld the 'first in the market' rule in relation to pharmaceutical marks while approving the 'exacting judicial scrutiny' rule developed in *Cadila*. The court also recognized the international character of the 'field of medicines'.

The court cautioned against the public interest being imperilled in cases involving pharmaceutical trademarks. It observed that doctors and companies connected with the medical field were abreast of the latest development in medicines and preparations worldwide, and medical literature is freely available in India. Goods are widely advertised in newspapers, periodicals, magazines and other media available in India. This results in products quickly acquiring a worldwide reputation. Therefore, the court held, if a pharmaceutical trademark is associated with one party worldwide, it would lead to an anomalous and disastrous situation if an identical mark in respect of a similar drug were allowed to be sold in India in another party's name.

These observations affirmed the principles of trans-border reputation enshrined in *NR Dongre v Whirlpool Corporation* (1996 (16) PTC 583)). They rebut any suggestion that the *Milmet Oftho Case* changed the rules of the game to mandate that establishing whoever is 'first in the world', without having to prove trans-border reputation in India, is the decisive criterion when enforcing pharmaceutical trademark rights.

The Division Bench of the High Court of Calcutta, the lower instance court in the *Milmet Oftho Case*, also relied on the well-established principle of trans-border reputation when it decided in favour of the plaintiff, Allergan Inc. The court observed that a plaintiff with a reputation which is established internationally can sue to protect that reputation in India even if it has no business activity there. Thus, the reputation of a mark may precede its entry into the market and actual use in India in



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relation to products or services is not essential. The Calcutta court relied on the prior use of the mark by Allergan outside of India and the trans-border reputation of the mark in India.

Interestingly, the Supreme Court in *Milmet Oftho* also expressed its concern in relation to, and disapproval of, a possible 'dog in the manger' attitude by international companies when it noted that multinational corporations that have no intention of introducing their products into India should not be allowed to block an Indian company if the Indian company has genuinely adopted the mark and is first in the Indian market. The intended scope of this observation is unclear. The introduction of medicines in India, as in many jurisdictions, can be a drawn-out process, in particular because of the time it takes to obtain regulatory approvals under the Drugs and Cosmetics Act 1940 and other statutes. The circumstances that enable Indian companies to appropriate international brands will thus always be assessed in light of the particular facts of each case.

However, since it is likely that the courts will favour local claimants where foreign drugs manufacturers cannot prove that they enjoy trans-border reputation in India, it is critical that foreign owners (assuming that the marks are deceptively similar) ensure that the elements of 'reputation spillage' outlined by the Supreme Court in *Milmet Oftho* can be shown.

Conclusion

In summary, while the cases mentioned above did not radically alter the trademark landscape in India, they confirm the ability of owners of international/well-known trademarks to protect their rights in India. Even more significantly, these cases recognize the international character of pharmaceutical business and the interests of the general public, thereby according a special place in trademark law to this section of international commerce. [WTR](#)