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“TRADEMARK INFRINGEMENT IN THE INDIAN PHARMACEUTICAL SECTOR”

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ABSTRACT

In the dynamic landscape of the Indian pharmaceutical sector, the issue of trademark infringement emerges as a complex and critical challenge. India's pharmaceutical sector has experienced significant growth in recent decades, propelled by government initiatives aligned with international standards. Intellectual property rights are gaining prominence in this expanding market. As pharmaceutical companies strive to establish and safeguard their brand identities, understanding the challenges and legal issues surrounding trademark infringement becomes indispensable for stakeholders, from legal practitioners to industry professionals, contributing to the nuanced discourse on the landscape of intellectual property protection in this fast evolving sector.

INTRODUCTION

In recent years, the Indian Pharmaceutical sector has experienced consistent growth. According to a July 2020 report by the India Brand Equity Foundation (IBEF), this industry accounts for more than 50 percent of the global demand for various vaccines, 40 percent of the generic demand in the United States, and 25 percent of all medicines in the United Kingdom. With the expanding market and increased investment in intellectual property by industry participants, the protection of these rights has become paramount for businesses. Safeguarding innovative ideas is crucial to maintaining a competitive edge in today's dynamic business landscape.

Despite Section 13 of the Trade Marks Act of 1999 technically prohibiting the use of chemical names as trademarks, it has become a common practice to name drugs after the organs they treat or the conditions they cure.¹ For example, "Cal" is frequently used for calcium in medicines addressing calcium deficiency. This approach facilitates easy identification and helps consumers understand the primary purpose or ingredient of the treatment. It's important to note that generic organs, diseases, or ingredients cannot be trademarked, meaning they cannot be owned by anyone. This has led to an abundance of similar and frequently perplexing

¹ Dr Jyoti Rattan, *Trademark Law*, (Bharat Law House Pvt Ltd. First edition, 2021).

trademarks for drugs. This paper explores the current framework for addressing this challenge, along with landmark cases and the remedies available under Indian laws.

REVIEW OF LITERATURE

- “Law of Intellectual Property” by V. K. Ahuja : V. K. Ahuja's book provides insights into various aspects of intellectual property law, including trademarks.
- “Intellectual Property Rights: Infringement and Remedies” by P. Narayanan : P. Narayanan's book covers a broader spectrum of intellectual property rights but includes a section on trademark laws, offering a comprehensive understanding of the legal landscape.
- “Intellectual Property Law in India” by B.L. Wadehra : This book offers insights into various aspects of intellectual property law in India, including trademarks. It is a useful resource for understanding the legal framework and recent developments.

RESEARCH PROBLEM

The research problem focuses on understanding the challenges of pharmaceutical trademark infringement in India. Investigating the impact on intellectual property, public health risks, and regulatory complexities, the study aims to propose effective strategies for enforcement of trademark laws in the pharmaceutical sector amidst the evolving landscape.

PHARMACEUTICAL TRADEMARK INFRINGEMENT

Pharmaceutical trademark infringement in India is a complex legal issue that arises when unauthorized parties engage in activities that violate the exclusive rights of registered trademark owners within the pharmaceutical industry.

Trademark infringement within the pharmaceutical sector can occur through different channels, including the use of logos closely resembling those of established brands or the production and sale of counterfeit pharmaceutical products. One prevalent method involves the adoption of brand names that might mislead or confuse consumers, creating a potential risk to public health.

The legal framework governing pharmaceutical trademark infringement in India is primarily outlined in the Trade Marks Act of 1999. Section 11 of the Act explicitly states that trademark

registrations must not be confusingly similar to existing brands. This provision aims to protect the distinctive identity of pharmaceutical products and prevent confusion among consumers.² The consequences of pharmaceutical trademark infringement are significant for all parties involved. Beyond the violation of intellectual property rights, such activities can have severe implications for public health. Substandard or counterfeit pharmaceuticals entering the market under false branding pose serious risks to consumers, potentially compromising their well-being and safety.

The pharmaceutical industry places a premium on innovation, research, and development. As a result, the value of intellectual property, including trademarks, is exceptionally high. Companies invest substantial resources in creating and establishing a strong brand presence to distinguish their products in the market. Pharmaceutical trademark infringement undermines these efforts, eroding the trust consumers place in branded medications and impacting the market competitiveness of legitimate pharmaceutical companies. Protecting intellectual property rights in the pharmaceutical sector is crucial due to the potential damage caused by infringement. The legal mechanisms available to pharmaceutical companies to address trademark infringement include initiating legal proceedings against infringing parties, seeking damages, and obtaining injunctions to prevent further unauthorized use of their trademarks. Thus, safeguarding trademarks in the pharmaceutical industry is not only vital for individual companies but also crucial for maintaining the trust and safety of consumers.³

CHALLENGES FACED BECAUSE OF PHARMACEUTICAL TRADEMARK INFRINGEMENT

Pharmaceutical trademark infringement carries significant consequences that impact both the affected companies and the broader healthcare ecosystem. These consequences span legal, economic, and public health domains, reflecting the serious implications of unauthorized use of trademarks in the pharmaceutical industry.

1. **Erosion of Brand Identity:** Pharmaceutical trademark infringement undermines the distinctive identity that legitimate companies have built through extensive investments in research, development, and branding. This dilution of brand identity can significantly impact the market competitiveness of authentic pharmaceutical entities.

² Elizabeth Verkey, *Intellectual Property Law and Practise*, (Eastern Book Company, Lucknow, 3rd edition, 2017).

³ <https://www.mondaq.com/india/trademark/1173874/trademark-infringement-in-the-pharmaceutical-sector>.

2. **Economic Impact:** The unauthorized use of pharmaceutical trademarks can lead to substantial economic losses for legitimate companies. Consumers may be diverted towards counterfeit or unauthorized products, causing a revenue drain. Additionally, legal proceedings to address infringement can impose financial burdens on companies.
3. **Public Health Risks:** Counterfeit or substandard pharmaceuticals entering the market under false branding pose serious risks to public health. Infringing parties may compromise the quality, efficacy, and safety of medications, putting consumers at risk of health hazards. This not only affects individual well-being but challenges the broader integrity of the healthcare system.
4. **Consumer Confusion:** The unauthorized use of trademarks can lead to consumer confusion, as individuals may be misled into purchasing counterfeit or unauthorized pharmaceuticals, believing them to be genuine. This undermines the trust that consumers place in established brands.
5. **Strain on Regulatory Bodies:** Regulatory bodies tasked with overseeing pharmaceutical trademarks face increased pressure to identify and address infringement promptly. This requires allocating resources for monitoring the market and responding swiftly to reports of potential infringement.

POSITION TAKEN BY COURTS

The matters of trademark infringement and passing off carry significant weight in the pharmaceutical industry due to their potential impact on an individual's health and life, with the added danger of hazardous consequences in cases of confusion or deception. In a developing nation like India, where the likelihood of confusion is elevated, a more rigorous and stringent approach is adopted for the assessment of pharmaceutical trademarks compared to other industries. This heightened scrutiny is essential as any confusion could lead to detrimental consequences for the health of consumers.

Below are outlined several key insights extracted from judicial decisions within the pharmaceutical industry across various courts:

In the case *Cadila Healthcare Ltd. v. Cadila Pharmaceutical Ltd.*,⁴ the facts of the case are:

The appellants utilized the trademarked drug 'FALCIGO' for treating cerebral malaria caused by Falcipharum. Approximately a year later, the respondents introduced a drug named *Falcitab*

⁴ *Cadila Healthcare Ltd. v. Cadila Pharmaceuticals Ltd.* [2001 (2) PTC 541 SC]

for the same disease. Subsequently, the appellants filed a lawsuit in the Vadodara district court, seeking an injunction against the use of the term *Falcitab*.

The appellants argued that both medications targeted the same ailment, displayed deceptive name similarities, and were considered as a last resort. The respondent company countered that the term '*Falci*,' a prefix in the word, is derived from *Falciparum malaria*, following a standard practice in the pharmaceutical trade. The Supreme Court acknowledged that although both drugs were available only through prescription, this alone was insufficient to prevent confusion. Recognizing the potential life-threatening nature of confusion in medicinal products, the Supreme Court suggested modifying the test for confusing similarity in the context of pharmaceutical drugs. Consequently, the court concluded that the injunction was appropriately applicable in this case.

The Supreme Court also outlined certain factors to consider when determining the question of deceptive similarity, with the assessment based on the specific facts and circumstances of each case. These factors include:

- a) The nature of the marks, such as whether they are word marks, label marks, or composite marks.
- b) The degree of resemblance between the marks, particularly phonetic similarity and the shared conceptual idea.
- c) The nature of the goods for which the marks are used.
- d) The similarity in the nature, character, and performance of the goods offered by rival traders.
- e) The class of purchasers likely to buy goods bearing the marks, taking into account their education, intelligence, and the degree of care they are likely to exercise in purchasing or using the goods.
- f) The mode of purchasing the goods or placing orders for them.
- g) Any other surrounding circumstances that may be relevant to assessing the extent of dissimilarity between the competing marks.

In *Cipla Limited v. M.K. Pharmaceuticals*,⁵ The plaintiff produced oval-shaped, orange-colored "NORFLOXACIN" tablets, marketed under the trademark 'NORFLOX-400' in blister

⁵ *Cipla Limited v. M.K. Pharmaceuticals* MIPR 2007 (3) 170

packaging. The defendant also used the name 'NORFLOX-400,' but the core contention of the plaintiff was not related to the name itself. Instead, the plaintiff argued that the defendant had imitated the shape, colour, and blister packaging of the tablets, causing confusion.

The established legal principle is that there can be no exclusive ownership of colour, as consumers typically do not request medicine based on colour, shape, or packaging. Blister packing is widespread, and circular or oval tablet shapes are commonly used. Consequently, the court did not grant an injunction.

This judgment clarifies that, according to settled law, the distinctive feature of medicine lies in its name rather than its colour, shape, or packaging. This holds true even when there is deliberate copying of these non-distinctive elements.

In *Neon Laboratories Ltd v. Medical Technologies Ltd. & ors*⁶, The appellant initiated a trademark registration application in 1992, and the trademark 'ROFOL' was officially granted in 2001. However, the appellant did not introduce the associated product to the market until 2004. In 1998, the respondent launched a drug with the trademark 'PROFOL,' establishing a prior user date compared to the appellant's registration date. The case favoured the respondent, considering they had actively manufactured, marketed, and registered the product, gaining substantial goodwill. Consequently, an injunction was imposed on the 'ROFOL' trademark. The decision was influenced by the two factors crucial to an interim injunction which was, balance of convenience and irreparable loss, both of which favoured the respondent.

The Supreme Court made the following observation that a trademark should ideally be a novel creation, and if it involves an existing word, it should not carry descriptive characteristics related to the product.

In *Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories*⁷, The appellant was engaged in the sale of ayurvedic pharmaceutical products under the name 'NAVRATNAKALPA,' while the respondent manufactured medical products using the registered trademarks 'NAVARATNA' and 'NAVARATNA pharmaceutical laboratories.' Displeased with the District Court's decree, the appellant appealed and concurrently filed an Original Petition in the High Court of Travancore Cochin. The petitioner argued that the term 'Navaratna' is commonly used by Ayurvedic physicians for medicines derived from the nine

⁶ *Neon Laboratories Ltd v. Medical Technologies Ltd. & ors* 2015(64) PTC 225 (SC)

⁷ *Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories* AIR 1965 SC 980

precious stones and is a generic term inherent to the Ayurvedic system. Hence, the plaintiff cannot assert a monopoly over it.

The court held that a commonly used word cannot be exclusively claimed by an individual unless compelling evidence establishes a transformation in its original meaning through the claimant's usage. In this context, the judge rightfully concluded that the firm's assertion of the word as its trademark lacked justification. Consequently, an injunction was denied as the requisite monopoly was not substantiated.

In *Astra-IDL Limited v. TTK Pharma Limited*⁸, The plaintiff initiated legal action against the defendant, alleging the unauthorized use of the trademark 'BETALONG,' which was deemed deceptively similar to the plaintiff's mark 'BETALOC,' and sought a permanent injunction. The defendant argued that their product, launched for hypertension and angina pectoris treatment under the name 'BATALONG,' was accompanied by a pending application. They asserted continuous marketing, establishing a reputation and goodwill. Notably, the drug falls under schedule 'H' and can be sold by a licensed chemist. The defendant emphasized the common usage of the term 'BETA' in the trade and claimed market presence since 1986, contending that the plaintiff's delayed approach in filing the 1988 suit should disqualify them from interim relief.

The court, in its determination, held the following:

- i) The defendant's mark exhibited deceptive similarity to the plaintiff's registered trademark, with identical features in the packaging, color scheme, and presentation of the rival strips and cartons.
- ii) The defendants were utilizing the infringing mark and misleading cartons with the intention of leveraging the plaintiff's reputation. The argument that there could be no deception due to the prescription requirement was rejected since the defendant's mark was phonetically similar to the plaintiff's mark.

The court emphasized that, in the case of over-the-counter sales of schedule 'H' drugs without a doctor's prescription, the importance of the prescription factor diminishes. However, it underscored that the similarity in packaging remains crucial, particularly for schedule 'H' drugs.

⁸ *Astra-IDL Limited v. TTK Pharma Limited AIR 1992 Bom 35*

REMEDIES AVAILABLE FOR TRADEMARK INFRINGEMENT

Remedies serve as a recourse for the violation of both registered and unregistered trademarks. The Trade Marks Act of 1999, under Section 29 and Section 30, delineates the remedies for trademark infringement. The following remedies are employed based on the specific facts and circumstances of each individual case.

Civil Remedies

1. An injunction or authoritative directive from a court of law is a commonly sought civil remedy. There are two types of injunctions that can be granted: perpetual and temporary. A perpetual injunction is granted based on the merits of the case and is of a permanent nature, associated with the final decree of the suit. On the other hand, a temporary injunction is applicable for a specific time frame, often until the court issues its final orders on the matter. Such injunctions can be sought under Order 39 Rule 1 and 2 of the Code of Civil Procedure. However, this may undermine the purpose of filing the suit, allowing the defendant to continue using a mark similar to that of the plaintiff.
2. Damages can be claimed by the aggrieved party on the grounds that the exclusive right to use their trademark has been infringed, resulting in losses for them or their business.
3. A civil remedy involves scrutinizing the profit accounts and seeking a directive for the delivery or removal of the infringing products.

Section 135 of the Trade Marks Act, 1999 establishes a legal framework for the Anton Piller Order, which prevents the defendant from removing assets from the court's jurisdiction. In the execution of a civil remedy, the concerned court often appoints a local commissioner to secure and seal infringing goods or materials. In cases of civil remedy, the court may either order the cessation of the defendant's goods or services responsible for consumer confusion or compel them to compensate the plaintiff for damages incurred. If civil remedies prove inadequate in redressing the plaintiff's losses, the court may resort to alternative civil remedies.

Criminal Remedies

Within the framework of the Trade Marks Act, 1999, there exist several provisions that can be classified as criminal remedies for trademark infringement. The pertinent sections are outlined below:

1. Section 103 of the Act establishes a criminal remedy for the violation of an individual or entity's trademark, prescribing a imprisonment term of six months, extendable up to three years for infringement of trademark rights.
2. Section 104 of the Act addresses penalties as sanctions for trademark infringement. This section stipulates a fine of fifty thousand rupees, with the possibility of an increase to a maximum of two lakhs for those found guilty of transgressing trademark rights.
3. Section 105 of the Act outlines an escalated version of punishment.
4. As a criminal remedy, the seizure of the assets of the individual responsible for infringement can be implemented, ensuring effective compliance with the aforementioned provisions. This procedure, carried out by the police, is contingent upon reasonable grounds for proving the infringement.

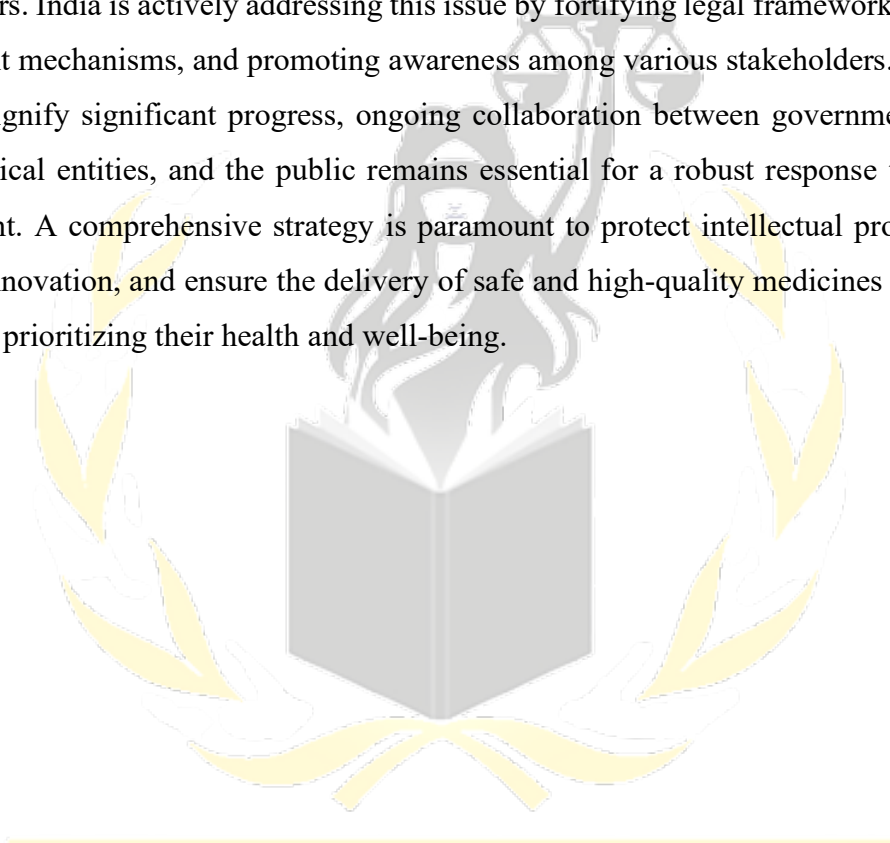
STRATEGIES FOR ENFORCEMENT OF TRADEMARK LAWS IN PHARMACEUTICAL SECTOR

1. **Strengthening Regulatory Oversight:** Bolster regulatory bodies to enhance monitoring and enforcement capabilities, ensuring swift response to trademark infringements.
2. **Collaborative Industry-Government Initiatives:** Foster partnerships between pharmaceutical companies and government agencies to share information and coordinate efforts in combating trademark infringement.
3. **Educational Campaigns:** Implement awareness programs to educate consumers, healthcare professionals, and stakeholders about the risks associated with counterfeit pharmaceuticals and the importance of verifying trademarks.
4. **Technology-Driven Solutions:** Leverage advanced technologies such as blockchain and track-and-trace systems to authenticate pharmaceutical products, minimizing the entry of counterfeit drugs into the market.
5. **Streamlined Legal Processes:** Simplify and expedite legal procedures for trademark enforcement in the pharmaceutical sector, reducing the complexities associated with litigation.

6. International Cooperation: Engage in international collaborations to address cross-border issues, sharing best practices and intelligence to tackle trademark infringements effectively.

CONCLUSION

The challenges posed by pharmaceutical trademark infringement present notable hurdles for the Indian pharmaceutical sector, influencing innovation, legitimate enterprises, and the safety of consumers. India is actively addressing this issue by fortifying legal frameworks, improving enforcement mechanisms, and promoting awareness among various stakeholders. While these measures signify significant progress, ongoing collaboration between government agencies, pharmaceutical entities, and the public remains essential for a robust response to trademark infringement. A comprehensive strategy is paramount to protect intellectual property rights, stimulate innovation, and ensure the delivery of safe and high-quality medicines to the Indian population, prioritizing their health and well-being.



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