

EXEMPLARY COSTS FOR HABITUAL TRADEMARK INFRINGERS

1. INTRODUCTION

The imposition of damages in trademark infringement and passing off actions is common. Damages in the nature of *punitive* or *exemplary* damages in such cases are also common. However, what is *not* common is the imposition *exemplary* damages in such cases of violation in India, exceeding INR 1 crore (approximately USD 135,000).

Back in August, the High Court of Bombay (the “**High Court**”) imposed *exemplary* damages to the tune of INR 1.5 crore (just over USD 200,000) on Galpha Laboratories Limited (“**Galpha**”) for *habitually* infringing the trademark rights of Glenmark Laboratories Limited (“**Glenmark**”) in a judgment passed in *Glenmark Pharmaceuticals Limited vs. Galpha Laboratories Limited and Another*¹.

We discuss the case, its findings and implications below.

2. BACKGROUND OF THE CASE

Glenmark is a generic drug manufacturer and one of its products, *Candid-B*, an anti-fungal cream, was the subject matter of the present dispute. Interestingly, Galpha is also a manufacturer of generic drugs and had launched a similar product under the brand name *Clodid-B*.

Glenmark learnt of the similarities in the brand name and trade dress between its mark and Galpha’s mark. To enforce its trademark rights, Glenmark instituted a suit against Galpha, for infringement and passing off of its registered trademark *Candid B* as well as for violation of its trade dress.

3. FINDINGS OF THE HIGH COURT

With regard to the adoption of an alleged identical trademark, Galpha submitted in the High Court that the adoption of the *Clodid B* by them was a *mistake* and they have never indulged in an unfair adoption of a trademark in the past.

However, Glenmark gave instances of use of infringing trademarks by Galpha in the past. In one instance, Galpha had copied Glenmark’s mark *ASCORIL* and sold the drugs under a deceptively similar trade name *ASCODIL*. Galpha withdrew their *ASCODIL* products after receiving a cease and desist notice from Glenmark.

Glenmark also stated that Galpha had blatantly copied brand names of several other major pharmaceutical companies besides Glenmark. In this regard, Glenmark relied upon the orders passed by various courts in trademark infringement cases against Galpha.

Glenmark’s submissions coupled with the orders passed by the courts against Galpha in relation to the trademark infringement cases, indicated that the present case was not an isolated case of trademark

¹ COMIP (L) No. 1063 Of 2018

infringement by mistake but a *repetitive* practice of Galpha to adopt other companies' trademarks. Thus, the High Court held Galpha to be a *habitual infringer*.

Glenmark also highlighted that the Central Drugs Standard Control Organisation had published a list of drugs which are "*Not of Standard Quality/Spurious/Adulterated/Misbranded*". Galpha manufactured several drugs mentioned in the said list.

The High Court noted this and stated that the manufacture of spurious products by Galpha, coupled with the adoption of other companies' trademarks posed a serious threat to consumers; and as such, Galpha should be prohibited from indulging in such malpractices. Further, the High Court observed that,

"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."

On the basis of the above, the High Court imposed exemplary damages amounting to INR 1.5 crores (just over USD 200,000) on Galpha, which Galpha deposited with the Kerala Chief Minister's Flood Relief Fund.

4. CONCLUSION

In the present case, Galpha had unscrupulously adopted the trademarks of various pharmaceutical companies including Glenmark. These continuous infringing activities of Galpha were audacious and indicative of their complete lack of respect for the rights of the rightful trademark owners. The High Court also pointed out that "*the conduct of this defendant shows that it has no regard or respect to the rule of law*".

Along with the unlawful adoption of various companies' trademarks, Galpha was also found to be selling spurious products under the said brand names. This was held to be damaging to the brand names of the parties and also endangered the lives of consumers. As such, a mere slap of damages would not have sufficed. Hence, the imposition of *exemplary damages* was the need of the hour.

The imposition of *exemplary damages* by the High Court is a robust move with regard to the protection of the rights of the intellectual property owners. This judgment sets a precedent and should act as a deterrent to those parties who callously adopt the trademark of other parties in order to ride on their goodwill and to amass unfair revenues.

This judgment was referred to, in the case of *Shalina Laboratories Pvt. Ltd. and Anr. v. Twin Impex and Anr*² ("**Shalina v. Twin Impex**"), which was also filed before the High Court against a different habitual trademark infringer. In this case, Shalina Laboratories Pvt. Ltd ("**Shalina**"), a pharmaceutical company, had lodged a complaint against Twin Impex and Another ("**Twin Impex**") for having copied substantial features of their trademarks and also for infringement of copyright and passing off in respect of their pharmaceutical products.

It was noted that Twin Impex had in fact replicated all the features of Shalina's trademarks and labels. The High Court concluded that the adoption of the word mark, art work, colour scheme, font style, manner of writing and trade dress of Shalina's marks by Twin Impex in relation to their products was fraudulent. The High Court also observed that: "*this court cannot feign ignorance of the consequences of the Defendants' infringing activities upon the members of the public that consume their product*".

² COMIP (L) NO. 1143 OF 2018

Considering the consequences of the infringement by Twin Impex in *Shalina v. Twin Impex*, the High Court directed Twin Impex to pay INR 1.5 crores (just over USD 200,000) as *exemplary damages*, to Shalina. It is interesting to note that the presiding judge in both the cases was Hon'ble Justice Kathawalla which explains the similarities in *ratio decidendi* and the quantum of damages.

Generally, these cases demonstrate that the courts in India are considering the severe impact of dishonest adoption of trademarks in relation to public health in particular and the safety of consumers by way of imposing high costs, and in particular, *exemplary damages*, in order to curb such malpractices.

These judgments indeed will serve as a reminder to pharmaceutical companies to refrain from using infringing names and marks and sell spurious products under the same.

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