

IN THE HIGH COURT OF DELHI AT NEW DELHI

SUBJECT : SUIT FOR INJUNCTION

Judgment delivered on: 09.07.2008

IA 1483/2008 (U/O 39 Rules 1 & 2, CPC) in CS(OS) 222/2008

CADILA HEALTHCARE LIMITED ... Plaintiff

– versus –

DIAT FOODS (INDIA) ... Defendant

Advocates who appeared in this case:

For the Plaintiff : Mr Mihir Thakore, Senior Advocate with Ms Pratibha M. Singh Mr Bijal Chhatrapati, Ms Shradha Sheth, Mr Deepak Gogia and Ms Archana Sehdev
For the Defendant : Mr Sudhir Chandra, Sr Advocate with , Ms Mamta Rani Mr Tarun Gulati, Mr Neel Mason, Mr Ankit Goel and Mr Arvind Gopal

BADAR DURREZ AHMED, J

1. By way of this application, the plaintiff seeks an interim injunction restraining the defendant from using the expression “Sugar Free” on any of the defendant’s products. It is the contention of the plaintiff that by using the expression “Sugar Free” on its products, the defendant is passing off its goods as those of the plaintiff. The plaintiff seeks to restrain such alleged passing off on the part of the defendant by way of a permanent injunction in the suit.

2. The plaintiff claims to be the owner of the trademark “SUGAR FREE” alongwith its variants “SUGAR FREE NATURA”, “SUGAR FREE GOLD” and “SUGAR FREE D’LITE”. According to the plaintiff, the mark “SUGAR FREE” was originally coined and adopted by its predecessor (Cadila Chemicals Limited) in respect of its sugar substitute. The product which was originally marketed under the mark “SUGAR FREE” contained aspartame – an artificial sweetener. Subsequently, the plaintiff developed another sugar substitute using sucralose and that product was marketed under the name “SUGAR FREE NATURA”. It is stated that the suffix ‘GOLD’ was added to “SUGAR FREE” to distinguish the new product, “SUGAR FREE NATURA” which contained sucralose, from the older product which contained aspartame. It is stated that the plaintiff also produces and markets a soft drink powder concentrate and soft drinks in various flavours under the brand name “SUGAR FREE D’LITE”. It has been further contended on behalf

of the plaintiff that the sales turn over of the products selling under the said family of “SUGAR FREE” marks is more than Rs 50 crores annually. It is also contended that the plaintiff’s sugar substitute marketed under the mark “SUGAR FREE” has a market share in excess of 74% of the entire sugar substitute market in India. It is, therefore, contended on behalf of the plaintiff that the expression ‘Sugar Free’ has become inextricably associated with the plaintiff and its products and has acquired distinctiveness. It is also contended that though the said marks are not registered, applications in respect of the same are pending. It is also alleged that the defendant has started manufacturing and marketing “Cookies” under the mark “SUGAR FREE”. It is alleged that the packaging of the said “Cookies” also carries a statement that the same is sweetened with Splenda, which is a brand of a rival company making artificial sweeteners / sugar substitutes. It has been contended on behalf of the plaintiff that the defendant has not used any other brand to identify its product other than the expression “Sugar Free” and it was, therefore, contended that the words “SUGAR FREE” have been used not in a descriptive sense, but as a brand name by the defendant and that would not be permissible in view of the legal principles applicable to an action of passing off.

3. When this application had come up for hearing at the ex parte stage on 05.02.2008, this court had taken a prima facie view that the defendant had used the words “SUGAR FREE”, not as a description of its product but as a brand name in itself. Consequently, the court took the prima facie view that the defendant had attempted to pass off its products as those of the plaintiffs and an ex parte ad interim order was passed in favour of the plaintiff restraining the defendant till further orders from using the mark “SUGAR FREE” as a brand name or any other mark which was identical or deceptively similar to the plaintiff’s alleged mark “SUGAR FREE NATURA”, “SUGAR FREE GOLD” or “SUGAR FREE D’LITE” so as to pass off the defendant’s goods as those of the plaintiff’s.

4. The photographs of the packaging of the defendant’s products are as under:-

Front view

Top View

Bottom View

Side Panel

Other Side Panel

5. The counsel on both sides referred to the following table with regard to distinctiveness of marks as appearing in Section 11.1 of Volume 2 of the Fourth Edition of McCarthy on Trademarks

and Unfair Competition:-

Fig. 11:1A. DISTINCTIVENESS OF MARKS

INHERENTLY DISTINCTIVE

NON-INHERENTLY DISTINCTIVE

NO DISTINCTIVENESS

No Secondary Meaning Required

Secondary Meaning Required

No Trademark Significance

Arbitrary and Fanciful

Suggestive

Descriptive, Geographic, Personal Name

Generic

Referring to the aforesaid table, it was contended on the part of the plaintiff that the expression “Sugar Free” was a suggestive expression and, therefore, was inherently distinctive. Alternatively, it was argued on behalf of the plaintiff that in the least, “Sugar Free” was a descriptive expression and, though it was non-inherently distinctive, could acquire distinctiveness through the establishment of a secondary meaning. In this context, it was suggested that long user by the plaintiff (since 1998) had given a secondary meaning to the expression “Sugar Free” and that meaning was that it referred to the plaintiff’s sugar substitute / sweetener. It was then contended that since the expression “Sugar Free” had attained distinctiveness in respect of the plaintiff’s products, no other person could use the same as a mark in respect of his product and, if any person did use the expression “Sugar Free” as a trademark in relation to his products, he would be liable under a passing off action on the part of the plaintiff. It was contended that the defendant by using the expression “Sugar Free” in the prominent manner, indicated above, has used it as a trademark and has thereby attempted to pass off its goods as those of the plaintiff’s.

6. On the other hand, referring to the same table set out in McCarthy (supra), it was contended on behalf of the defendant that the expression “Sugar Free” is a generic expression and, therefore, no claim of distinctiveness can be made in respect thereof. Consequently, as pointed out in McCarthy (supra), the expression “Sugar Free” would have no trademark significance. It was further contended that even construing the expression “Sugar Free” as being descriptive, there is a heavy burden on the plaintiff to demonstrate that it has acquired a secondary meaning. It was contended that, in point of fact, no such secondary meaning had been acquired by the expression “Sugar Free” as was sought to be made out on the part of the plaintiff. It was further contended on behalf of the defendant that, in any event, the expression “Sugar Free” was neither intended nor was it used as a trademark by the defendant. It was only used as a description of an attribute or characteristic of its product. The attribute/characteristic being that the product did not contain any sugar. It was also contended on behalf of the defendant that, in any event, there could be no passing off inasmuch as the nature of the plaintiff’s product (sweeteners / sugar substitutes) was not even remotely connected with the nature of the defendant’s product—“Cookies”.

7. The counsel for the parties had advanced elaborate arguments and referred to a large number of decisions of the courts in India, in the UK as well as in the United States of America. They had also referred to a number of leading authoritative texts. Fortunately for me, it would not

be necessary to refer to them because most of these decisions and texts have been recently considered by my learned brother [G.S. Sistani, J] in the case of this very plaintiff, i.e., Cadila Healthcare Ltd v. Gujarat Co-operative Milk Marketing Federation Limited and Others: 2008 (36) PTC 168 (Del.). For the sake of convenience, I shall refer to that case as ‘Sugarfree-I’. The present plaintiff in that case was seeking an injunction against the defendant from using the expression “Sugar Free” in relation to the defendant’s products – frozen desserts and choc minis. The grievance of the plaintiff, in that case, was that the defendant had used the expression “Sugar Free” on the packaging of its products, namely, Pro Biotic Frozen Dessert. It was submitted that the packaging contained the expression “Amul – Sugar Free – Pro Biotic Frozen Dessert” and that gave an impression that the expression “Sugar Free” had been used on the packaging not in its descriptive sense but as part of the defendant’s trademark “Amul”. It was also contended that the unusually large font size adopted in respect of the expression ‘Sugar Free’ on the packaging was likely to mislead potential consumers into believing that the defendant’s products (Pro Biotic Frozen Dessert) was in some way connected with or related to the plaintiff’s ‘Sugar Free’ range of products or that it emanated from the same source as that of the plaintiff’s products. It was the plaintiff’s case that the defendant, by deliberately using the expression “Sugar Free” on the packaging of its products, had tried to pass off its products as those of the plaintiff. The similarity of the contentions on the part of the plaintiff in that case and those being advanced in the present case is apparent.

8. In the Sugarfree-I case, Sistani J, considered in detail the various factors and arguments pointed out on behalf of the plaintiff as well as the defendant therein. The following conclusions in the Sugarfree-I case are relevant for the purposes of the present case:-

1) “Prima facie, it is difficult for me to accept the plaintiff’s claim of the expression “Sugar Free” being a coined word. “Sugar Free” cannot, in the least, be a coined word and neither does “Sugar Free” appear to me an unusual combination or juxtaposition of words. ...” [See: para 24 of Sugarfree-I]

2) “... Thus, the expression “sugar free”, when used in relation to a sweetener/sugar substitute, may not be “descriptive in meaning” but it is certainly “descriptive in understanding”. [See: para 26 of Sugarfree-I]

3) “... There is all possibility or likelihood, and in fact it is usually the case, that words which in the course of time acquire secondary meanings as trade marks are also used and understood in linguistics in their primary sense. For instance, words like “Catterpillar”, “Panther”, etc. are famously known for their dual meanings, that is, both in their primary sense as generic words of animals as well as in their secondary sense as well known trade marks. ...” [See: para 34 of Sugarfree-I]

4) “... Thus, while ascertaining the distinctiveness of a trademark in relation to a product, it is paramount to first identify the range or circumference of the consuming class of such product, and measure the distinctiveness of the trademark only within such range or circumference.” [See: para 37 of Sugarfree-I]

5) "...a good reason to assume that the trade mark "Sugar Free" has acquired a considerable degree of distinctiveness amongst traders and consumers. However, it is to be borne in mind that the acquisition of a secondary meaning by a trade mark or the distinctiveness associated with it are not ipso facto conclusive of an action for passing off. ..." [See: para 42 of Sugarfree-I]

6) "... There may be a possibility, though less likely, that such consumer may be misled into believing that the plaintiff's product being in the nature of an 'add on' has been used as an ingredient in the preparation of the defendant's Pro Biotic Frozen Dessert and, thus, may be gravitated to purchase the defendant's product." [See: para 48 of Sugarfree-I]

7) "...though the petitioner has prima facie been successful in establishing the distinctiveness of its trade mark "Sugar Free" in relation to its products, it has not been able to satisfy this Court why an embargo should be placed on the defendant from absolutely using the expression 'Sugar Free', especially when the defendant has prima facie satisfied this Court of its bona fide intention to use the said expression not as a trade mark but only in its descriptive or laudatory sense. ..." [See: para 55 of Sugarfree-I]

9. In view of the aforesaid conclusions which were, of course, of a prima facie nature, Sistani, J in Sugarfree-I, while directing that the defendant was free to use the expression "Sugar Free" as a part of a sentence or as a catchy legend so as to describe the characteristic feature of its product, restrained the defendant from using the expression "Sugar Free" in the present font size which was conspicuously bigger than its trade mark 'Amul'.

10. Since the plaintiff's claim in respect of the expression "Sugar Free" has been examined threadbare in Sugarfree-I, it is neither necessary nor appropriate for me to have a relook. There is no need to reinvent the wheel, as it were. From Sugarfree-I, it is apparent that the prima facie view is that the expression "Sugar Free" is not a coined word. It is also clear that in making the observations with regard to "Sugar Free" having acquired a considerable degree of distinctiveness, Sistani J, was only referring to a specific class of consumers and that too in respect of the plaintiff's products, i.e., sugar substitutes / artificial sweeteners. The distinctiveness that is spoken of in Sugarfree-I, therefore, has to be limited to the plaintiff's products. It must also be noted that, while the considerable degree of distinctiveness of "Sugar Free" in relation to the plaintiff's products was prima facie recognised, the court also took the view that no embargo could be placed on the defendant from absolutely using the expression "Sugar Free", particularly in a descriptive sense.

11. It has been contended on the part of the defendant that the expression "Sugar Free" is in public domain and cannot be appropriated exclusively by the plaintiff. Examples of numerous products, including biscuits, ice-creams, chocolates, candies, mints, pan cakes and waffles, all of which use the expression "Sugar Free" prominently, have been presented on behalf of the defendant. Even judicial notice can be taken of the fact that the expression "Sugar Free" is commonly used to denote that a particular food article does not contain sugar and / or has been sweetened by using sugar substitutes / artificial sweeteners. In that sense, the expression "Sugar Free" is generic. However, in Sugarfree-I, it has been observed that "Sugar Free" in relation to sweeteners has attained a certain degree of distinctiveness referring to the plaintiff's products.

That, of course, is a prima facie conclusion and is subject to the final decision in the suit. However, assuming that conclusion to be valid for the purposes of the present case also, it must be reiterated that the “considerable degree of distinctiveness” relates only to artificial sweeteners / sugar substitutes and is limited to such products. Sugar Free, prima facie, has not attained any distinctiveness as alleged by the plaintiff, outside the field of sugar substitutes / artificial sweeteners. Therefore, the plaintiff would not be entitled, prima facie, to appropriate the expression “Sugar Free” in respect of any field of activity beyond its range of artificial sweeteners / sugar substitutes. This is de hors the question as to whether the plaintiff can at all claim “Sugar Free” as a trademark, which question would have to be conclusively determined in the suit.

12. At this juncture, it would be pertinent to point out that the case of the plaintiff is one founded on the common law tort of passing off and not one based on infringement of a registered trademark. The difference and distinction between the two uses have to be borne in mind. Had there been a registration in favour of the plaintiff, then, clearly, in view of the provisions of the Trade Marks Act, 1999, the plaintiff would have had exclusive right to use the same, subject to the plea of prior user by the defendant. The distinction between a suit for passing off and one for infringement of a registered trademark has been brought out by the Supreme Court in *Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceuticals Laboratories*: 1965 SC 980 in the following manner:-

“... While an action for passing off is a Common Law remedy being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another, that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of the exclusive right to the use of the trade mark in relation to those goods” (Vide s. 21 of the Act). The use by the defendant of the trade mark of the plaintiff is not essential in an action for passing off, but is the sine qua non in the case of an action for infringement. No doubt, where the evidence in respect of passing off consists merely of the colourable use of a registered trade mark, the essential features of both the actions might coincide in the sense that what would be a colourable imitation of a trade mark in a passing off action would also be such in an action for infringement of the same trade mark. But there the correspondence between the two ceases. In an action for infringement, the plaintiff must, no doubt, make out that use of the defendant's mark is likely to deceive, but were the similarity between the plaintiff's and the defendant's mark is so close either visually, phonetically or otherwise and the court reaches the conclusion that there is an imitation, no further evidence is required to establish that the plaintiff's rights are violated. Expressed in another way, if the essential features of the trade mark of the plaintiff have been adopted by the defendant, the fact that the get-up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the make would be immaterial; whereas in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff.”

The last part of the above extract is important for the purposes of the present case which states that in a passing off action, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff.

13. From the description of the defendant's product packaging and the photographs indicated above, it is more than clear that there is enough added matter therein to distinguish the defendant's product from that of the plaintiff. There is no doubt that the expression "Sugar Free" is printed on the packaging in a large font and is immediately noticeable. But its prominence does enable us to detract from the position that there is a declaration just beneath it which says – "Sweetened with Splenda" (No Calorie Sweetener). It would be recalled that Splenda is the brand name of an artificial sweetener made by a competitor of the plaintiff. Beneath such a declaration, the brand name of the defendant – SUGARLESS Bliss is also displayed. It is further important to note that the defendant's product is packaged in a rectangular box and it is only on the front face and one side panel of the box that the expression "Sugar Free" appears in the manner indicated above. The top and bottom panels prominently display the defendant's mark – SUGARLESS Bliss. They do not have any reference to the expression "Sugar Free". One side panel prominently displays the defendant's trademark – SUGARLESS Bliss and contains other nutritional facts. The other side-panel carries the expression "Sugar Free", but it also carries the statement – "Sweetened with Splenda, No Calorie Sweetener".

14. Considering the manner in which the expression "Sugar Free" has been used by the defendant in the packaging in respect of its products, there does not appear to be any possibility whatsoever of a consumer being misled into believing that the plaintiff's product has been used as an ingredient in the preparation of the defendant's product—"Cookies". Consequently, there is no possibility of consumers being misled into purchasing the defendant's product thinking that it is in some way connected with the plaintiff. The expression "Sugar Free" has been used entirely as a catchy legend and in a descriptive sense and not as a brand name or a trademark.

15. Before concluding, it would be relevant to indicate that the modern tort of passing off, as per Lord Diplock in *Erven Warnink BV v. J. Townend & Sons*: (1979) 2 All ER 927 and as approved in *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Limited*: 2001 (5) SCC 73 and reiterated in *Heinz Italia and Another v. Dabur India Limited*: 2007 (6) SCC 1, has five elements, i.e., (1) a misrepresentation, (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trade (in the sense that this is a reasonably foreseeable consequence), and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a *quia timet* action) will probably do so.

16. Viewed in the light of these five elements, the plaintiff has not been able to establish a *prima facie* case of misrepresentation made by the defendant in the course of trade to his prospective or ultimate customers which can be said to be calculated to injure the business or goodwill of the plaintiff. Much less, any *prima facie* case, to show actual damage to the plaintiff's business or goodwill or the probability of such damage. If any one of the elements are missing, then a passing off action would not be maintainable. *Prima facie*, none of the elements have been established by the plaintiff.

17. The result of the foregoing discussion is that the plaintiff is not entitled to an interim injunction under Order 39 Rules 1 and 2, CPC. The order dated 05.02.2008 is vacated. This application is dismissed with costs which are quantified at Rs 50,000/-

Sd./-
BADAR DURREZ AHMED,J

July 09, 2008