

APPEAL FROM ORDER

Before the Hon'ble Mr. Justice K. M. Thaker

MACLEODS PHARMACEAUTICALS LTD. v. ALEMBIC LTD.*

Trade Marks Act, 1999 (XLVII of 1999) — Secs. 27, 29 & 30 — Civil Procedure Code, 1908 (V of 1908) — Order 39, Rule 3 — Requirement to record reasons when Court grants *ex parte* injunction — Reasons must indicate as to on what basis Court concluded that giving even a short prior notice would defeat the object of granting injunction — Order passed by trial Court did not meet this requirement and was liable to be set aside — However, since returnable date was just 5 days away, appropriate directions given.

The reasons recorded in the order be so recorded that it would amply clarify as to on what basis or for which reasons the learned Court believed that a prior notice of atleast one week or three days would defeat the object of granting injunction. The said provision under Rule 3, Order 39 postulates an additional requirement which the learned Court is required to consider before an order of injunction. Normally, while granting or refusing interim order, the Court would take into account the well-recognised principles of strong *prima facie* case, balance of convenience and irreparable injury which cannot be compensated in terms of money, however, when an injunction order is being passed without prior notice then there is an additional requirement which is required to be observed, namely, recording the reasons which convince the Court to grant injunction order without prior notice and which leads the learned Court to the belief that the time which would be consumed in issuing prior notice would frustrate the object of granting injunction. (Para 20)

A glance at the order shows that the learned Court has taken into account “the similar purpose or use” of the two products and that the plaintiff has several products in its armour which have prefix GERI and the appellant (original defendant) has various products in its kitty which have MAC as the suffix. After recording the said features emerging from the case before it, the learned Court has proceeded to record that it has reason to believe that if the *ex parte* injunction was not granted at this stage, then the defendant (*i.e.* present appellant) would be able to enjoy the goodwill earned by the plaintiff company. The learned Court, except recording the said reason, has not given out any reason from which it can become clear that for the particular reason, the learned Court believed that if the notice for a period of one week or atleast three days before granting injunction was issued then within that short period of one week or three days, the object of granting injunction would be defeated. (Para 20.2)

When an order granting *ex parte* injunction is passed, then in addition to the reasoning as regards the strong *prima facie* case, balance of convenience and irreparable injury which cannot be compensated in terms of money, the reasons disclosing as to how and why a prior notice of period of one week or atleast three days would so gravely defeat the object of granting injunction that the plaintiff cannot withstand such short delay also are required to be recorded. The impugned order lacks in this

*Decided on 13-6-2008. Appeal From Order No. 192 of 2008 with Civil Application No. 6576 of 2008 arising out of order dated 29-5-2008 passed below Exh. 5 in Civil Suit No. 18 of 2008.

requirement and requires this Court to proceed on assumption that the learned Court must have satisfied itself about the expediency and only then waived the notice. This would defeat the right and expectation of the other side, besides the requirement prescribed by the proviso. (Para 23.1; See also Para 25)

For final directions. (See Para 27)

Laxmikant V. Patel v. Chetanbhai Shah (1), Neon Laboratories Ltd. v. Ornate Pharma Pvt. Ltd. (2) Tapan Joshi v. Einfochips Ltd. (3), Poonam Engineering Works v. Delux Bearing Ltd. (4), National Organics Chemical Industrial v. B. L. Industries (5), K. K. Puri v. A. K. Puri (6), A.O. No. 29 of 1994 decided on 29-1-1994 by G.H.C. (7), Cadila Healthcare Ltd. v. Cadila Pharmaceuticals Ltd. (8), R. N. Bhagat v. M/s. Bhagat Marketing Corporation (9), Shiv Kumar Chadha v. Municipal Corporation of Delhi (10), J.M.S. Lab. v. Yusufali Esmail Hadvaid (11), referred to.

Mihir Thakore with *Anip A. Gandhi*, for the Appellant.

K. S. Nanavati with *K. K. Nanavati*, for Nanavati Associates, for Respondents.

K. M. THAKER, J. This Appeal From Order arises from an order dated 29-5-2008 passed below Exh. 5 in Civil Suit No. 18 of 2008 whereby the Additional District Judge, Vadodara has passed an *ad-interim* injunction against the present appellant in terms of Paras 38(a) and 38(b) of the injunction application (Exh. 5). The said Paragraphs 38(a) and 38(b) read thus :

“38. The plaintiff, therefore, prays that :-

(a) Pending hearing and final disposal of the suit, the Hon’ble Court be pleased to restrain by an order of injunction the defendant by themselves, their servants, agents, chemists, distributors, retailers and anybody claiming through the defendant are not entitled to use trade mark GEMIMAC or any mark identical with or deceptively similar to the plaintiff’s reputed trade mark GERIMAC as their trade mark in respect of manufacturing, selling, exporting or distributing their goods or in any manner advertising their goods so as to pass off the goods of the defendant as and for the plaintiff;

(b) Pending hearing and final disposal of the suit, the Hon’ble Court be pleased to restrain by an order of injunction the defendant by themselves, their servants, agents, chemists, distributors, retailers and anybody claiming through the defendant are not entitled to use trade mark GEMIMAC or any mark identical with or deceptively similar to the plaintiff’s reputed trade mark GERIMAC as their trade mark in respect of manufacturing, selling, exporting or distributing their goods or in any manner advertising their goods so as to cause confusion and/or deception;”

(1) 2002 (3) SCC 65

(2) A.O. No. 378 of 2007 decided on 16-10-2007 by Guj.H.C.

(3) A.O. No. 261 of 2007 decided on 18-7-2007 by Guj.H.C.

(4) A.O. No. 306 of 2007 decided on 30-8-2007 by Guj.H.C.

(5) 1988 (8) PTC 85

(6) AIR 1994 J. & K. 25

(7) A.O. No. 29 of 1994 decided on 29-1-1994 by Guj.H.C.

(8) 2001 (5) SCC 73 : 2001 (2) GLR 1419 (SC)

(9) 2007 (1) GLR 686

(10) 1993 (2) GLH 778 (SC)

(11) 1998 (2) GLR 1776 : 1997 (2) GLH 1002

2. The appellant, being aggrieved by the said order has approached this Court by the captioned appeal. The appellant has, essentially raised serious grievance against the impugned order on the ground that there was no basis or justification for the learned Court to grant *ex parte* injunction without issuing notice before granting the injunction, and that too without recording reasons as contemplated by and required by the provision of Rule 3 of Order 39 of the Code of Civil Procedure, 1908 (hereinafter referred to as 'the Code'). The appellant has prayed that the said order may be quashed and set aside.

3. The appellant has raised below mentioned question of law, which according to the appellant, arise from the impugned order.

“(a) Whether irreparable or serious mischief will ensue to the plaintiff;

(b) Whether the refusal of *ex parte* injunction would involve greater injustice than the grant of it would involve;

(c) The Court will also consider the time at which the plaintiff first had notice of the act complained so that the making of improper order against a party in his absence is prevented.

(d) The Court will consider whether the plaintiff had acquiesced for sometime and in such circumstances it will not grant *ex parte* injunction;

(e) The Court would expect a party applying for *ex parte* injunction to show utmost good faith in making the application;

(f) Even if granted the *ex parte* injunction would be for a limited period of time;

(g) General principles like *prima facie* case balance of convenience and irreparable loss would also be considered by the Court;”

4. In view of the issues arising in this appeal, appeal deserves consideration. Hence Admit. Considering the facts and request of the respective Counsel and with their consent, the appeal is taken up and heard for final disposal.

5. The facts involved in and relevant for the present purpose, as stated by the appellant, are briefly recapitulated below.

5.1. The case of the appellant is that it is a Public Limited Company incorporated and registered under the provisions of the Companies Act, 1956 having its registered office at Mumbai and is *inter alia* engaged in the business activity of manufacturing and selling pharmaceutical products. The appellant has claimed that one of the several pharmaceutical products being manufactured and marketed by it, is a medicinal preparation for respiratory disorders, which is marketed in the name and style of GEMIMAC *i.e.* under the trade mark “GEMIMAC”.

5.2. The appellant claims that it has started manufacturing and selling the said medicinal preparation since May, 2007 and at present the turnover of the said product is about Rs. 20 crores per annum. The appellant further claims that it has independently and honestly conceived, coined and adopted the said trade mark GEMIMAC wherein the prefix GEMI stands for Gemifloxacin and that the suffix MAC stands for Macleods Pharmaceutical (which is the name of the appellant company).

5.3. The appellant has further stated that earlier it was served with a “cease and desist notice” by the opponent in the present case asking the appellant to desist from manufacturing/marketing and using, in relation to the medicinal and pharmaceutical preparation, the impugned mark GEMIMAC because it was deceptively and also confusingly similar to the respondent’s reputed trade mark GERIMAC.

5.4. The appellant has stated that by its communication dated 3-7-2007 it had responded to the said notice and informed the opponent that the trade mark GEMIMAC was an independently and honestly coined, invented and adopted by it, and that therefore, there was no cause or justification for the opponent to issue the said “cease and desist notice” and that the opponent, having faced with competition had come out with groundless threats and legal proceedings. It is further claimed by the appellant that for almost ten months the opponent did not take any steps in the matter, and that therefore, it was reasonably believed by the appellant that after the reply dated 3-7-2007, the opponent had appreciated and accepted the case and the issue was put to rest.

5.5. It is the case of the appellant that suddenly after a period of almost ten months it was served with the impugned *ex parte* order restraining it from using its trade mark GEMIMAC or any mark identical with or deceptively similar to the present opponent’s (*i.e.* original plaintiff’s) trade mark GERIMAC and also restraining it from manufacturing, selling, exporting or distributing its goods in any manner using the trade mark GEMIMAC.

5.6. The appellant has stated that the said *ex parte* order is not only unreasonable, unjustified and unwarranted in the facts of the case, but is also in total disregard to the mandatory requirements of the provisions under Rule 3 of Order 39 and proviso of Rule 3 which requires that in all cases, except where the object of granting injunction is likely to be defeated by delay, notice must be issued before granting injunction inasmuch as the learned Court failed to appreciate that the original plaintiff *i.e.* present opponent had issued the “cease and desist notice” after almost one year since the appellant started manufacturing and marketing the medicinal product with the trade mark GEMIMAC and that the suit was filed after almost ten months since the said “cease and desist notice” was issued and that further there was no justification in granting the *ex parte* mandatory injunction without issuing notice of a week or atleast three days so as to enable the appellant to place on record its reply and supporting material.

6. In the backdrop of such facts and on the premise of such contentions, the appellant has preferred present appeal and challenged the said *ex parte* order dated 29-5-2008.

7. The opponent *i.e.* the original plaintiff has appeared on caveat and on 11-6-2008 when the subject appeal was circulated for hearing, request for an adjournment for one day was made during which the opponent-plaintiff wanted to file its reply affidavit opposing the civil application for interim relief in the present appeal. In view of the consent of the appellant, the proceeding was adjourned to 12-6-2008.

8. Mr. Mihir Thakore, learned Senior Counsel appeared with Mr. Gandhi for the appellant and Mr. K. S. Nanavati, learned Senior Counsel appeared with Mr. K. K. Nanavati for the opponent-plaintiff. Mr. Thakore made his submissions on 12-6-2008 and Mr. Nanavati has replied the same on 13-6-2008 *i.e.* today.

9. Mr. Mihir Thakore reiterated the factual aspects and in particular stressed the fact that the appellant's product is extremely popular and within a span of one year, it has a market of about Rs. 20 crores per annum. He submitted that the "cease and desist notice" was issued on 20-6-2007 whereas the suit has been filed on 29-5-2008 *i.e.* after almost ten months since the date of notice and/or the date of the reply by the appellant to the opponent-plaintiff.

9.1. Mr. Thakore submitted that in view of such time-lag and the delay, there was no justification for the learned Court to not issue notice, for one week or atleast three days, and to proceed to grant an *ex parte* mandatory injunction on the same day when the suit was presented. Mr. Thakore was quick to add that it is not his attempt to urge that the said delay of ten months would defeat the prayer for interim injunction but his attempt is to urge that the said delay of ten months at least defeated or wiped out any justification, if at all there was any, of granting *ex parte* mandatory *ad interim* injunction without issuing notice as required by Rule 3 of Order 39 of the Code. He submitted that the said requirement is mandatory and the order passed by the learned Court without issuing notice is contrary to the legal decisions well settled by catena of judgments and also in total disregard to the requirement prescribed by the Code.

9.2. Mr. Thakore in support of his submissions relied upon the judgment of this Court (Coram : J. M. Panchal, J., as his Lordships then was) dated 29-1-1994 rendered in *Appeal From Order No. 29 of 1994*. He has also relied upon the judgment of the Hon'ble Apex Court in the case of *Laxmikant V. Patel v. Chetanbhai Shah*, reported in 2002 (3) SCC 65 as well as the order of this Court (Coram : D. N Patel, J.) dated 16-10-2007 passed in *Appeal From Order No. 378 of 2007* and orders dated 18-7-2007 in *Appeal From Order No. 261 of 2007* and dated 30-8-2007 in *Appeal From Order No. 306 of 2007*.

10. On the other hand, Mr. K. S. Nanavati referred to the factual aspects mentioned by the opponent-plaintiff in the application for interim injunction and submitted that the opponent *i.e.* original plaintiff is a century old company which is highly reputed for its pharmaceutical and medicinal products. He also submitted that the plaintiff spends a significant amount for research and development work and has several patentable inventions to its credit. He also submitted that the plaintiff takes ample measures to protect its Intellectual Property Rights. Mr. Nanavati further submitted that the plaintiff has coined several trade marks with prefix GERI. He submitted that in case of the product in question, the prefix GERI is derived from the word GERIATRICALS and to illustrate his submission he made reference to plaintiff's various products which are being marketed under the trade mark having prefix GERI *e.g.* GERIPOD, GERICEFF, GERICARD, GERIGAT, GERIFLAM, GERIJOINT, GERIGRAD. Mr. Nanavati submitted

that so far as the product in question *i.e.* GERIMAC is concerned, the plaintiff has secured sales of 40.23 lakhs, 58.86 lakhs and 60.29 lakhs during the financial years 2005-2006, 2006-2007 and 2007-2008 respectively. He supplemented the said submission by also referring to the amount spent by the plaintiff company towards promotion of the said product GERIMAC and submitted that amount of Rs. 6.03 lakhs, 8.83 lakhs and 9.04 lakhs have been spent by the plaintiff-company for the promotion of the said product during the aforesaid period of three years.

10.1. According to Mr. Nanavati, it is the case of the plaintiff that the present appellant, with the intention of exploiting the goodwill of the plaintiff company and reputation of the product GERIMAC, resorted to the trade mark GEMIMAC which is deceptively and confusingly similar to the plaintiff's trade mark GERIMAC. He also submitted that the product in question is a medicinal preparation which is used for upper respiratory disorders. In other words, his submission amounts to contending that both the products have a similar purpose and that therefore, the phonetic and/or visual similarity would result into confusion, and thereby, adversely affect the prospects of the plaintiff's product and the plaintiff's business.

10.2. Mr. Nanavati also made reference to the very common and off-repeated contention based on almost illegible or difficult to decipher prescriptions and in light of that contention he submitted that there was a strong likelihood of confusion which would facilitate the passing off the appellant's products instead of the well reputed product of the plaintiff. Mr. Nanavati also submitted that the plaintiff has placed on record before the learned Court the material literature of opponent's products which, even as per the appellant, has several side effects. Mr. Nanavati on the basis of such material, which is said to be obtaining on the record of the learned Court, submitted that there is, therefore, strong justification for injunction as prayed for by the plaintiff so that the passing off of the appellant's product instead of the opponent's product may be immediately arrested, and hence, the order is justified.

10.3. Mr. Nanavati also submitted that the learned Court has recorded sufficient reasons to justify the order granting injunction without issuing notice and the said order cannot be treated as an order devoid of any reasons. In his submission, it cannot be said on reading of the order, that the Court has gone wrong in taking decision to grant *ex parte* injunction and it also cannot be said that the reasons recorded by the Court are so perverse or arbitrary and palpably wrong that it would warrant its setting aside. Mr. Nanavati submitted that may be by some standard the said order probably may not be meeting with the normal standards of a well reasoned order, but only on that ground the same ought not be set aside. Mr. Nanavati in support of his submissions relied upon the judgments reported in the following :

- (i) 1988 (8) PTC 85 - (*National Organics Chemical Industrial v. B. L. Industries*)
- (ii) AIR 1994 J. & K. 25 - (*K. K. Puri v. A. K. Puri*)
- (iii) A.O. No. 29 of 1994 decided on 29-1-1994 by G.H.C. (J. M. Panchal, J.)

- (iv) 2001 (2) GLR 1419 (SC) : 2001 (5) SCC 73 - (*Cadila Healthcare Ltd. v. Cadila Pharmaceuticals Ltd.*)
- (v) 2007 (1) GLR 686 - (*R. N. Bhagat v. M/s. Bhagat Marketing Corporation*)
- (vi) 1998 (2) GLR 1776 : 1997 (2) GLH 1002 - (*J.M.S. Lab. v. Yusufali Esmail Hadvaid*)

11. I have extensively heard Mr. Thakore and Mr. Nanavati for contesting parties and I have also gone through the record of the present appeal.

12. In the present case, which arises from a passing off action initiated by the present opponent (original plaintiff) against the present appellant (original opponent) on the ground that by manufacturing and marketing its medicinal preparation under the trade mark GEMIMAC, the appellant herein is indulging into passing off of its product by using phonetically/visually similar trade mark, the learned Court has, on 29-5-2008 granted *ex parte* injunction and the injunction order is not limited till the returnable date but is until further orders.

13. This Court, at this stage of the proceedings, does not intend to go into the merits of the rival claims, lest it should affect the proceedings before the learned Civil Court where the suit as well as notice of motion are still pending. It is clarified that the narration of factual aspects and observations in the present order are only for the purpose of deciding this appeal against the *ex parte* injunction order and are not made on merits of the subject-matter of the civil suit and/or by examining the merits of the case, and that therefore, they are not to be treated as observations or findings on the merits of the subject-matter or in favour of or against any party.

14. The factual aspects which are relevant for the present appeal, are not in dispute inasmuch as it is an undisputed fact situation that the original plaintiff *i.e.* opponent herein has started manufacture and sale of the medicinal preparation under the trade mark GERIMAC since September, 2005. Accordingly, the plaintiff *i.e.* the opponent herein is a prior user of the trade mark GERIMAC.

15. It appears that the plaintiff was granted drug licence in July, 2005 for the said product GERIMAC and it had applied for registration of the trade mark in Class 5 on 6-10-2005. An advertisement with reference to the plaintiff's application came to be published in the trade mark journal on 16-4-2006 and it appears that thereafter some objection by a company named MAC Remedies Pvt. Ltd was raised and it is registered. It is, however, not in dispute that even after the said advertisement, way back in April, 2006, present appellant did not raise any objection and has not done so until now. It is also not in dispute that the plaintiff has been marketing the said medicinal product with trade mark GERIMAC since September, 2005 where as the appellant herein has started marketing its product with trade mark GEMIMAC after more than almost 15 months, in May, 2007.

15.1. It is pertinent that after the appellant started marketing the product in May, 2007, in June, 2007 the plaintiff issued the "cease and desist notice".

This fact also is not in dispute. True it is, that the appellant replied the said “cease and desist notice” on 3-7-2007 and the suit came to be filed on 29-5-2008 *i.e.* after almost ten months from the date of the appellant’s reply. It is also not in dispute that the purpose or use of both the products is similar and that the said medicinal preparations are Schedule ‘H’ drugs, as a result of which it would be available or sold only on prescription.

16. In the passing off action against the appellant filed by the present opponent, the learned Civil Court, as it appears from the perusal of the order, upon taking into account the contents of the suit and interim relief application and after hearing the plaintiff’s Advocate considered it appropriate to pass *ex-parte* injunction, and did not issue notice as required by Order 39, Rule 3.

16.1. The appellant has mainly two-fold objections against the impugned order. The first one being that there was no justification for granting *ex parte* injunction without issuing notice for a period of one week or atleast three days, more particularly when the suit was filed after almost ten months since the date of “cease and desist notice” and the said time-gap or difference demonstrated that delay of a week or three days would not have defeated the object of granting the injunction, and second being that the learned Court has failed to record reasons, which in appellant’s submission is mandatory, disclosing as to how and why the Court believed that delay of a week or three days would defeat the object of granting injunction.

17. For appreciating the appellant’s grievance and objections against the impugned order it is appropriate to refer to the provisions under Rule 3 of Order 39 and its proviso and the relevant portion of the impugned order. The provision under Rule 3 of Order 39 reads thus :

“3. *Before granting injunction, Court to direct notice to opposite party :-* The Court shall in all cases, except where it appears that the object of granting the injunction would be defeated by the delay, before granting an injunction, direct notice of the application for the same to be given to the opposite party :

[Provided that, where it is proposed to grant an injunction without giving notice of the application to the opposite party, the Court shall record the reasons for its opinion that the object of granting the injunction would be defeated by delay, and require the applicant -

(a) to deliver to the opposite party, or to send to him by registered post immediately after the order granting the injunction has been made, a copy of the application for injunction together with -

- (i) a copy of the affidavit filed in support of the application;
- (ii) a copy of the plaint; and
- (iii) copies of documents on which the applicant relies, and

(b) to file, on the day on which such injunction is granted or on the day immediately following that day, an affidavit stating that the copies aforesaid have been so delivered or sent.]”

18. The relevant portion of the impugned order reads thus :

“.....I have a reason to believe that the defendant has issued reply to the notice given by the plaintiff and has claimed to be *bona fide* in such manufacturing drugs. It is claimed that there are number of drugs suffixing with MAC manufactured by the defendant. However, it is pertinent to not that not a single drug except the drug in dispute has such resemblance as “GERIMAC”. The size and color of the tablets is also resembling. Both the companies are engaged in manufacturing Antibiotic drugs and there is a reason for me to believe that if the injunction at this stage is not issued *ex parte*, the defendant will be able to enjoy the benefit of the goodwill earned by the plaintiff company under the pretext of deceptively similar name of the drug.....”

19. The question which arises is as to whether the said order is in disregard to or in violation of the provision under Rule 3 of Order 39. While considering the provision under Rule 3 of Order 39, the Hon'ble Apex Court has, in the judgment in the case of *Shiv Kumar Chadha v. Municipal Corporation of Delhi & Ors.*, reported in 1993 (2) GLH 778 (SC) held as under :

“32. Power to grant injunction is an extraordinary power vested in the Court to be exercised taking into consideration the facts and circumstances of a particular case. *The Courts have to be more cautious when the said power is being exercised without notice or hearing the party who is to be affected by the order so passed.* That is why Rule 3 of Order XXXIX of the Code requires that in all cases the Court shall, before grant of an injunction, direct notice of the application to be given to the opposite party, *except where it appears that object of granting injunction itself would be defeated by delay.* By the Civil Procedure Code (Amendment) Act, 1976, a proviso has been added to the said rule saying that “where it is proposed to grant an injunction without giving notice of the application to the opposite party, the Court shall record the reasons for its opinion that the object of granting the injunction would be defeated by delay.....”

(Emphasis supplied)

20. When the learned Court grants an order of injunction without prior notice, then the other side not only has a reasonable expectation but also has a right to know which are the facts and aspects or factors of the subject-matter which appealed to or weighed with the learned Court. The other side expects to know the reasons which convinced the learned Court to grant *ex-parte* injunction so that it can while responding to and opposing the notice of motion, effectively address and deal with the same. Further, when appeal against the order is provided under the Code, then the appellate Court also expects to know the reasoning of the Court which convinced it to pass the order of injunction without prior notice. Not only this, it is also necessary that the reasons recorded in the order be so recorded that it would amply clarify as to on what basis or for which reasons the learned Court believed that a prior notice of atleast one week or three days would defeat the object of granting injunction. The said provision under Rule 3, Order 39 postulates an additional requirement which the learned Court is required to consider before an order of injunction. Normally, while granting or refusing interim order, the Court would take into account the well-recognised principles of strong *prima facie* case, balance of convenience and irreparable injury which cannot be

compensated in terms of money, however, when an injunction order is being passed without prior notice then there is an additional requirement which is required to be observed, namely, recording the reasons which convince the Court to grant injunction order without prior notice and which leads the learned Court to the belief that the time which would be consumed in issuing prior notice would frustrate the object of granting injunction.

20.1. In view of the proviso of Rule 3, Order 39 it is necessary that the said reason must be clearly and eloquently spelt out in the order granting *ex parte* interim injunction. The said requirement was highlighted by the Hon'ble Apex Court when the Hon'ble Apex Court observed, in the judgment in the case of *Shiv Kumar Chadha* (supra) *vide* Para 34 as under :

“.....we are quite conscious of the fact that there are other statutes which contain similar provisions requiring the Court or the authority concerned to record reasons before exercising power vested in them. In respect of some of such provisions it has been held that they are required to be complied with but non-compliance therewith will not vitiate the order so passed. *But the same cannot be said in respect of the proviso to Rule 3, Order 39.* The Parliament has prescribed a particular procedure for passing of an order of injunction without notice to the other side, under exceptional circumstances. Such *ex parte* orders have far-reaching effect, as such a condition has been imposed that Court must record reasons before passing such order. It is held that the compliance of the proviso aforesaid is optional and not obligatory, then the Parliament shall be a futile exercise and that part of Rule 3 will be a surplusage for all practical purpose. Proviso to Rule 3 of Order 39 of the Code, attracts the principle, that if a statute requires a thing to be done in a particular manner, it should be done in that manner or not at all. This principle was approved and accepted in well-known cases of *Taylor v. Taylor*, 1875 (1) Ch.D. 426; *Nazir Ahmed v. Emperor*, AIR 1939 PC 253. This Court has also expressed the same view in respect of procedural requirement of the Bombay Tenancy and Agricultural Lands Act in the case of *Ramchandra Keshav Adke v. Govind Joti Chavare*, AIR 1975 SC 915.”
(Emphasis supplied)

20.2. It is in light of the legal position thus settled by the Hon'ble Apex Court that the impugned order is required to be examined. A glance at the order shows that the learned Court has taken into account “the similar purpose or use” of the two products and that the plaintiff has several products in its armour which have prefix GERI and the appellant (original defendant) has various products in its kitty which have MAC as the suffix. After recording the said features emerging from the case before it, the learned Court has proceeded to record that it has reason to believe that if the *ex parte* injunction was not granted at this stage then the defendant (*i.e.* present appellant) would be able to enjoy the goodwill earned by the plaintiff company. The learned Court, except recording the said reason, has not given out any reason from which it can become clear that for the particular reason, the learned Court believed that if the notice for a period of one week or atleast three days before granting injunction was issued then within that short period of one week or three days, the object of granting injunction would be defeated.

20.3. In the present case, the said aspect becomes more relevant and necessary, besides the importance and relevance on account of proviso under Rule 3, in light of the fact that the appellant has started manufacturing and marketing its product under the trade mark GEMIMAC since May, 2007 *i.e.* since about one year and also for the reason that the plaintiff itself had waited for atleast ten months after issuing the “cease and desist notice”.

20.4. The learned Court does not appear to have addressed and/or considered the said feature of the present case. The learned Court also does not appear to have addressed the issue that if the concern for general public was, as is now claimed by the plaintiff on the ground that the alleged phonetic and visual similarity would result into deceiving people, so important in its mind, then in that event the plaintiff would have immediately moved the Court after it received reply dated 3-7-2007 and would not have waited until 29-5-2008.

21. It is true that if there is a case of “prior-user” in passing off action, then such delay would not and does not affect the plaintiff's case for interim injunction and if it is *prima facie* noticed by the Court that there is a phonetic and/or visual similarity and that such similarity between competing trade marks is deceptive and confusing then injunction ought to be granted. As held by the Hon'ble Apex Court in the case of *Cadila Healthcare Ltd. v. Cadila Pharmaceuticals Ltd.*, 2001 (2) GLR 1419 (SC), granting interim injunction, once such deceptive and confusing similarity is *prima facie* established, is all the more necessary in matters involving pharmaceutical and medicinal preparations. The Hon'ble Apex Court, in this regard, has observed in the said case of *Cadila Healthcare Ltd.* (supra) that drugs have a marked difference in the composition with completely different side effects, and that the test should be applied strictly as the possibility of harm resulting from any kind of confusion can have unpleasing if not disastrous results, and that the Courts need to be particularly vigilant where the defendant's drugs, of which passing off is alleged, is meant for curing the same ailment as the plaintiff's medicine but the compositions are different and that the confusion is more likely in such cases and the incorrect intake of medicine may even result in loss of life or other serious health problems and that the Schedule H drugs are those which can be sold by the Chemist only on the prescription of the doctor, but Schedule L drugs are not sold across the counter but are sold only to the hospitals and clinics. It is true that the Hon'ble Apex Court in the case of *Cadila Healthcare Ltd.* (supra) has emphasized that the Courts need to be particularly vigilant and prompt in making appropriate order of interim injunction if the *prima facie* case of deceptive similarity is made out. It is, however, difficult to accept the contention of Mr. Nanavati for the opponent that requirement provided under Rule 3 of Order 39 and its proviso is to be or can be lightly given a go-bye or appeal Court should readily or easily assume, though not recorded in or not to be found in the order, that the learned Court has fully satisfied itself that the delay in issuing notice would defeat the injunction's objective. It is relevant to note that in the said judgment the Hon'ble Apex Court has not considered the propriety or maintainability of an *ex-parte*

ad-interim order without prior notice. It is also difficult to not consider the importance of the requirement prescribed under the said provision, as emphasized by the Hon'ble Apex Court in the case of *Shiv Kumar Chadha* (supra).

22. As regards the judgment of the Hon'ble Apex Court in case of *Laxmikant V. Patel*, (2002 (3) SCC 65) the Hon'ble Apex Court has observed that once a case of passing off is made out grant of prompt *ex-parte* injunction is proper, however, the legality or propriety and maintainability of order not fulfilling the requirement of recording reasons for waiving prior notice was not the issue in the said case and further more the Hon'ble Apex Court has also observed that there was no delay, unlike present case, in bringing passing off action. Likewise, in the judgment in the case of *R. N. Bhagat* (2007 (1) GLR 686) also the issue of maintainability or propriety of *ex parte* injunction without recording reasons for waiving Notice was not in issue before this Court but the legality and maintainability of order granted after hearing both sides was in issue. In the judgment in the case of *K. K. Puri* the Hon'ble Jammu and Kashmir High Court categorically recorded, while granting *ex parte* order on 22-7-1993 that the meeting was to be held on 26-7-1993. This fact required and justified the waiver of notice or else the objective of stay would be lost since the meeting would be convened. The reasoning of the learned Court, though not in very many words, was clearly flowing from the order and that is how the Hon'ble Court considered it enough while holding that the rule or its proviso does not contemplate special manner of recording reasons and that length of reasons is not a guide. However, in present case, the facts and order differ materially and reason justifying waiver of notice is not recorded while dealing with the factors discussed above. In the case of *N.O.C.I.L.* (supra) the fact under consideration was the failure of applicant-plaintiff to comply with the proviso of Rule 3 of Order 39 and not the absence of reasons for waiver of notice. In the judgment reported in *AIR 2003 Cal. 64*, the Hon'ble Court has held that the provision is not mandatory and its non-compliance does not render the order void. This Court in the judgments in *A.O. No. 261 of 2007* and *A.O. No. 306 of 2007* and *A.O. No. 378 of 2007* has vacated the orders which did not record reasons for waiving notice. As noticed hereinabove in present case, the learned Court has not only not addressed the issue keeping in focus the time-lag between the "cease and desist notice" but also failed to limit the injunction order until returnable date, after making process returnable after about 20 days, and granted the same till further orders.

22.1. When the impugned order is examined in light of the law laid down by the Hon'ble Apex Court with regard to Rule 3 of Order 39 and its proviso, the question which arises is as to whether the impugned order contains or gives out the reasoning which convinced the learned Court to make *ex parte* interim injunction.

23. Mr. Nanavati submitted that the entire set of material including the literature of the appellant's products, was on the record of the learned Court and the impugned order does disclose that the learned Court has looked into the said material. It is true that the learned Court has recorded thus : "Read

the application, affidavit and also perused the record. Heard the learned Advocate Mr. A. P. Hathi for the plaintiff.....” It is also true that it may be difficult to consider the impugned order as an order completely bereft of any reasoning.

23.1. However, as noticed hereinabove earlier, when an order granting *ex parte* injunction is passed, then in addition to the reasoning as regards the strong *prima facie* case, balance of convenience and irreparable injury which cannot be compensated in terms of money, the reasons disclosing as to how and why a prior notice of period of one week or atleast three days would so gravely defeat the object of granting injunction that the plaintiff cannot withstand such short delay also are required to be recorded. The impugned order lacks in this requirement and requires this Court to proceed on assumption that the learned Court must have satisfied itself about the expediency and only then waived the notice. This would defeat the right and expectation of the other side, besides the requirement prescribed by the proviso.

24. The impugned order is also required to be examined in light of the facts of the present case. It is pertinent to recall that the plaintiff filed the suit after almost ten months since the issuance of the “cease and desist notice”. In the backdrop of this vital fact, the learned Court ought to have addressed the issue that when the plaintiff itself waited for a period of almost ten months since the “cease and desist notice” and for almost same period since the appellant started marketing the product, how would or how could a period of 7 or atleast 3 days defeat the object of granting injunction.

24.1. It is as much necessary to record the reasons in response to such issue as it is to consider the issue and the order ought to disclose that both aspects have been met. As noticed hereinabove earlier, it is not only the other side’s legitimate expectation, but also a right to know the reasons which convinced the Court to waive notice and to not give a period of atleast 2-3 days to the other side by issuing notice before granting interim injunction.

24.2. On perusal of the impugned order, it is difficult to say that the learned Court has disclosed the reasons which weighed with it for not issuing prior notice and for waiving the said requirement and issuing *ex parte* interim injunction.

25. In light of the facts of the present case and on perusal of the operative part of the impugned order, which gives out that the returnable date of the process issued by the Court in respect of the notice of motion is 18-6-2008, it would be of little consequence now to set aside the order and it is now also not of any effective or practical purpose to decide as to whether the impugned order, which apparently lacks in the reasoning as regards the issue on hand, should be quashed and set aside or not inasmuch the process is, as noticed hereinabove earlier, made returnable on 18-6-2008. While dealing with the appeal, it is also relevant for this Court to note that the impugned order is dated 29-5-2008 and the appeal is filed in the Registry on 10-6-2008 and circulated on 11-6-2008 whereafter it came to be adjourned with consent of the appellant for a day so as to enable the opponent *i.e.* the original plaintiff to file reply affidavit.

26. With regard to the impugned order an additional feature is also required to be noted *viz.* the trial Court has not only failed to expressly record the reasons which convinced it to make *ex parte* order, but the learned Court has also granted a blanket and unlimited injunction/stay order.

26.1. It is pertinent that though process is made returnable on 18-6-2008, the injunction in terms of Paras 38(a) and 38(b) is granted “until further orders”. In this way, the learned Court not only granted *ex parte* injunction, without recording reasons which convinced it to pass such an order, but it did not even think it necessary to restrict the operation of such *ex parte* injunction order until returnable date only.

26.2. It is beyond comprehension as to why the *ex parte* injunction order is not restricted atleast until returnable date. That is the least which could have been done and ought to have been done by the learned Court.

26.3. It is, as observed above, not considered necessary or expedient at this juncture to further examine the issue as to whether the impugned order should be quashed or set aside or not because the process is made returnable on 18-6-2008 and also for the reason that even the appellant has, though it preferred to approach this Court by way of this appeal, not considered it necessary and appropriate to immediately file its reply to the notice of motion on or before the suit.

26.4. The appellant herein could have very well forwarded its reply to the opponent and placed it on record of the civil suit proceedings. However, the appellant has not followed such course of action. This Court is informed, in reply to the query, that it is not done even as of today by the appellant. This should deprive the appellant of the relief of quashing of the order from the date when granted.

27. Upon having noted that the impugned order falls short of the requirement prescribed by Rule 3, Order 39 and its proviso and does not comply with the said requirement and the direction of granting injunction until further order is also unwarranted and unreasonable, this Court in the peculiar facts of the case, the following order and directions would suffice and serve the interest of justice and the subject appeal can be, justifiably, disposed of with below mentioned directions :

(i) The interim injunction granted by order dated 29-5-2008 is restricted and limited until 18-6-2008 and shall not operate beyond 18-6-2008. However, it would be open for the learned Court to pass appropriate order, including similar or any other order of injunction, after hearing the parties.

(ii) The appellant herein shall positively file its reply-response to notice of motion (and if it so desires to the suit also) before or atleast on 18-6-2008 with a copy to the plaintiff and shall not seek any further time to file reply to the notice of motion and/or suit. In the event, the opponent prays for further time it would be open for the trial Court to pass any appropriate order after hearing the parties to the proceedings.

(iii) If the appellant (original opponent) files its reply-response before or atleast on 18-6-2008 then it would be open to the plaintiff to file rejoinder,

if need be, on or before 20-6-2008 and the learned Court, would thereafter, proceed to hear and decide the matter *i.e.* the injunction application on urgent basis, and if the roster so permits, by hearing the same on day-to-day basis.

(iv) In the event, the plaintiff has not to file any rejoinder then it would disclose the said decision on 19-6-2008 and the hearing of the injunction application shall, in that event, commence from 19-6-2008 and the learned Court need not wait till 20-6-2008.

(v) It would be open to the learned Court to pass appropriate order, though not of unlimited nature, to protect the interest of the parties and subject-matter of the suit, until the hearing of the injunction application is concluded and the order with regard to the interim injunction is passed. But this can be done after hearing and taking into account the submissions of the parties to the proceedings.

(vi) The original plaintiff *i.e.* the present opponent would maintain, separately, accounts of production, sale, receipts etc. of the product in question from 29-5-2008 onwards until further orders in this regard are made by the learned Court and it shall file the same on the record of the said suit, every fortnight.

28. The learned Court would pass appropriate order, including interim order on merits after hearing the parties and without being influenced by this order and by taking into account the well settled and recognised principles relevant for deciding the passing off action and prayer for interim relief in passing off action.

29. This Court is conscious of the limitation in dealing with Appeal From Order against an *ad-interim* and discretionary order, however, when it is shown that while passing the discretionary order, the learned Court has failed to observe the conditions prescribed by the Code, then it is necessary and justified for the appellate Court to step-in and interject. In the present case, the learned Court, not only passed *ex parte* order after passage of almost ten months since the cease and desist notice and failed to disclose the reasons as to why the laxity on the part of the plaintiff was not considered a ground sufficient enough for issuing prior notice of atleast three days, but the learned Court also failed to make the process issued on notice of motion immediately and has made it returnable after almost 20 days and granted an unlimited injunction *i.e.* did not restrict the injunction till the date on which the notice is made returnable. It is in this view of the matter and in light of the aforesaid discussion that this Court considered it appropriate to issue the aforesaid directions and to restrict the injunction till 18-6-2008 *i.e.* the returnable date of the notice. Hence the aforesaid order.

30. With the aforesaid observations and directions, this appeal is disposed of. No order as to costs. In view of the order passed in the Appeal From Order, Civil Application shall not survive and is accordingly disposed of.

(SBS)

Orders accordingly.

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