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Case Comment: Cutis Biotech vs Serum Institute of India

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INTRODUCTION

Factual Background

While the world was struggling with this pandemic, many pharmaceutical companies and biotech research organizations worked day and night to formulate a vaccine that would act as a protective shield and help fight against the Covid-19 virus. Finally, when vaccines were available, and the nomenclature process began, a trademark dispute came up before the District Court of Pune, where a Nanded, Maharashtra based pharmaceutical company Cutis Biotech alleged Serum Institute of India, a Pune based manufacturer of Vaccines & immuno-biologicals for passing off and pleaded interim injunction to restrain Serum Institute from using the trademark 'Covishield.'

The Commercial Court in Pune rejected the interim application on the grounds that Cutis Biotech failed to prima facie prove the test of Classical Trinity.¹I.e., goodwill earned by the

¹ *Reckitt & Colman Products Ltd v Borden Inc* (1990) RPC 341

plaintiff, misrepresentation by the defendant, and the likelihood of damage to that goodwill.² Therefore the Cutis Biotech appealed in the Bombay High Court under Section 13 of the Commercial Courts Act, 2015.³

ARGUMENTS PRESENTED BY CUTIS BIOTECH BEFORE THE COURT

- Cutis Biotech commenced its sale of pharmaceutical products in 2013 at Nanded, Maharashtra and is under the sole proprietorship of Archana Ashish Kabra.
- On 29 April 2020, an application was filed for the registration of the trademark 'Covishield' under Class-5 for veterinary, Ayurvedic, allopathic medicinal and pharmaceutical preparation and vitamins and dietary food supplements for humans and animals.
- On 12 December 2020, another application was filed for registration of trademark 'Covishield' in Class-5 for a vaccine for human use and others.
- Cutis claims to be a prior user of the trademark and has acquired goodwill and, on this ground, seeks an injunction on Serum Institute from using the mark COVISHIELD.
- By selling hand sanitisers and disinfectants under the mark 'Covishield,' a turnover of ₹16 lakh for seven months was placed on record by Cutis Biotech.
- According to Cutis Biotech, the trade connection of medicinal products is sufficient for confusion to arise, and a case of passing off can be made out.

THE ARGUMENT PRESENTED BY THE SERUM INSTITUTE OF INDIA.

- Serum Institute is a vaccine and immuno-biologicals manufacturing company incorporated under the Companies Act, 1956⁴ at Pune and commenced its business in the year 1966.

² *Ibid*

³ Commercial Courts Act 2015, s 13

⁴ Companies Act 1956

- On 6 June 2020, Serum Institute applied for the registration of trademark ‘Covishield’ under Class-5 along with other variants.
- On 24 July 2020, they applied to Drugs Controller General in Form CT-04 to conduct Phase-II/III clinical trials in India about a vaccine to be called ‘Covishield.’
- On 31 July 2020, they applied to DCGI in Form CT-10 to manufacture the ‘Covishield’ for clinical trial purposes.
- On 2 August 2020, the Biological Division of the Director-General of Health Services granted permission to Serum Institute to manufacture test batches of Coronavirus vaccine for clinical trials.
- On 20 August 2020, Serum Institute was granted permission by Food and Drugs Authority for manufacturing products for the Coronavirus vaccine, subject to conditions.
- On 10 December 2020, the Ministry of Health and Family Welfare, Government of India published the COVID-19 vaccine procedure, which referred to the trademark of Serum Institute ‘Covishield’ in collaboration with AstraZeneca for Phase-II/III stage.

JUDGEMENT

The precedents which were taken into consideration by the bench while deciding the issues to grant an injunction to prevent passing off are *Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Limited and Ors.*⁵, *Neon Laboratories Limited v. Medical Technologies Limited and Ors.*⁶ *Dhariwal Industries Ltd. and Anr. v. M.S.S. Food Products*⁷, *Laxmikant V. Patel v. Chetanbhai Shah and Anr.*⁸ *Corn Products Refining Co. v. Shangrila Food Products Ltd.*⁹

⁵ *Toyota Jidosha Kabushiki Kaisha v Prius Auto Industries Limited and Ors* (2018) 2 SCC 1

⁶ *Neon Laboratories Limited v Medical Technologies Limited and Ors* (2016) 2 SCC 672

⁷ *Dhariwal Industries Ltd and Anr v MSS Food Products* (2005) 3 SCC 63

⁸ *Laxmikant V Patel v Chetanbhai Shah & Anr* (2002) 3 SCC 65

⁹ *Corn Products Refining Co v Shangrila Food Products Ltd* AIR 1960 SC 142

Neither Serum Institute nor Cutis Biotech has a registration for the trademark 'Covishield,' and the suit filed by Cutis Biotech is based on the action of passing off. To establish passing off by the respondent, the applicant must satisfy the ingredients of the Classical Trinity.¹⁰ The Cutis Biotech failed to substantiate its claim of being a prior user of the term 'Covishield.' Thus, Cutis Biotech was unable to prove it a prima facie case of passing off.¹¹

On the other hand, the Serum Institute of India filed a detailed reply about the prior usage and the mark 'Covishield' being coined by Serum Institute. They placed several documents describing the series of events from their investment of USD 100 million for manufacturing the vaccine in collaboration with AstraZeneca and all other activities of obtaining permission from various nodal and regulatory agencies prior to starting production and has continued its use without a break. It is placed on record that they produced 60 million doses of the 'Covishield' vaccine per month and have supplied 48 million doses to the Government of India. All the claims were well substantiated with the documents placed on record.

Cutis Biotech has also failed to prove its claim of establishing reputation and goodwill over the period of time, as the turnover was not significant in amount. Another contention raised by Cutis was that the products of both respondent and applicant are in a common field which will create confusion in consumers' minds and can lead to passing off by Serum Institute. The Court observed that Cutis Biotech and Serum Institute consumers are different, and the trade channels are also different. The vaccine 'Covishield' manufactured by Serum Institute will be administered through Government agencies and is not available across the counter.

On 10 December 2020, when the Ministry of Health published the COVID-19 procedure referring to 'Covishield' of Serum Institute, another trademark application was filed by Cutis Biotech on 12 December 2020 under Class-5 for vaccines. However, the suit filed by Cutis Biotech for passing off on 11 December 2020 comes out to be filed without any existing application for vaccine registration, which makes this conduct of Cutis Biotech appear not to be bonafide.

¹⁰ *Reckitt* (n 1)

¹¹ *Ibid*

The division bench of the Bombay High Court comprising Justice Nitin Jamdar and Justice C. V. Bhadang observed that " 'Covishield' is a vaccine to counter Coronavirus is now widely known. A temporary injunction directing Serum Institute to discontinue the use of mark 'Covishield' for its vaccine will cause confusion and disruption in the Vaccine administration program of the State."

The division bench dismissed the appeal, saying that the discretion used by the learned District Judge in refusing to grant an injunction is not "arbitrary or perverse."

CONCLUDING REMARKS

The Hon'ble Court rejected the claim made by Cutis Biotech because prima facie, it has failed to establish any kind of deception done to any individual or customer by the Serum Institute of India. The Court considered the vast difference between both the products of Serum Institute and Cutis Biotech, and it also noted that the purpose of both the products is very different in nature and the distribution of products is distinct, and it is implausible to cause any deception among the consumers. The Classical Trinity test, which is based on the three primary ingredients that are required to establish an act of passing off, was pursued by the court; the three-ingredient necessary to establish passing off under this postulation are i) the goodwill acquired by the manufacturer and the reputation attached with the product, ii) an act of misrepresentation by the defendant in order to gain from the applicant's goodwill, and iii) the likelihood of the damage to the applicant because of the defendant's act. The Court held that Cutis Biotech failed to establish all these necessary ingredients and couldn't substantiate their claim in order to pass the test and get a restraining order against the Serum Institute of India. The fact that a temporary injunction will cause disruption in the vaccine manufacturing process and it will affect the public at large was also taken into consideration before dismissing the appeal by Cutis Biotech.