

Not in India, but still protected

Introduction

With globalization, IPR has emerged as a significant tool for socio-economic development and a key determinant of the economic relations between countries. India legislation is in the process of reinforcing its IPR regime in sync with international standards and commitments and to increase the acceptability of foreign brands in India. The mere fact that the mark has not been used in India would be irrelevant if it was first in the world market feels the Supreme Court of India (“**SC**”).¹ However, in a recent judgment on Hilltone vs Hilton,² the Rajasthan High Court has brought the debate of protection of international trade marks in India by restraining the international hospitality Hilton group from using any kind of “misleading logo and mark” which has potential to cause confusion among the general public with the mark “Hilltone” and directed it not to carry on the business of hotel and food items under “such duplicate trademark.”

In light of this, this e-newsline will discuss the regulatory and procedural protection available to the international unregistered trade marks in India and how the Indian courts have dealt with the issue of trans-border reputation of trade marks and the factors they take into consideration while deciding such matters.

1.0 Framework – regulatory and procedural

The Trade Marks Act, 1999 (the “**Act**”) and the Trade Marks Rules, 2001 (“**Rules**”) are the principal legislations that govern the registration of trade marks in India. The Act defines the term “well know trademarks”³ and lays down⁴ the factors that the Registrar of Trade Marks (“**Registrar**”) needs to consider while determining registration of a well-known trade mark and its usage in India, which are - **(a)** whether the said mark is registered in India, **(b)** whether an application has been made in India, and **(c)** whether it is a well known to public at large in India.

Practically it is not possible to get a trade mark registered in all the countries. Therefore, generally, when a person who deliberately sets out to take benefit of somebody else’s reputation with reference to goods especially so when the reputation extends worldwide is not allowed registration. India as a signatory to the TRIPs agreement is bound to prohibit the usage of marks deceptively similar to a well-known trade mark of the member country. There are several procedural bottlenecks that have been set to check the registration of

¹ In the matter Milfet Oftho & Ors Vs Allegan Inc (2004)12 SCC 624 and respondents refer to foreign trade mark owner.

² Civil Original suit no. 02/2008.

³ In section 2 (1)(zg) of the Act as a mark which has become like a synonym of the goods or services and when used in relation to other goods or services would be likely to be taken as indicating a connection to the original mark.

⁴ Under section 11 (9) and (10) of the Act.

deceptively similar marks in India. But the question really is regarding the remedies that are available under the Act or Rules to an unregistered proprietor of an international mark.

Essentially, an unregistered trade mark owner (whose mark owns a good reputation) may initiate a suit for passing-off under section 27⁵ of the Act. As an immediate relief the owner may claim temporary injunction under the code of civil procedure order 39 rule 1⁶ and prevent the usage of trade mark. Courts have given due recognition to foreign trade marks on the basis of their trans-border reputation.

2.0 Passing off

Passing off is grounded on the concept that a man cannot sell his goods on pretence that they are goods of another man. It is a species of unfair trade competition or of actionable unfair trading by which a person, through deception, attempts to obtain an economic benefit of the reputation which another has established for himself in a particular trade or business. The action is regarded as an action for deceit.

In an action for passing off of an unregistered trade mark, the SC has laid down⁷ certain factors to consider in order to decide the question of deceptive similarity: **(a)** The nature of the marks i.e., whether the marks are word marks or label marks or composite marks, **(b)** degree of resemblances between the marks, phonetically similar and hence similar in idea, **(c)** nature of the goods in respect of which they are used as trade marks, **(d)** similarity in the nature, character and performance of the goods of the rival traders, **(e)** class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods, **(f)** mode of purchasing the goods or placing orders for the goods, and **(g)** any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

When a foreign trade mark owner (“**Plaintiff**”) files a case against an Indian trader (“**Defendant**”) for passing off, the basic questions discussed by courts are – **(a)** Is the Defendant selling goods (so marked) as to be designed or calculated to lead purchasers to believe that they are the Plaintiff’s goods?, and **(b)** Is the Defendant using a mark which is the same as or which is a colorable imitation of the Plaintiff’s registered trade mark? Plaintiff may file an action for passing off in India, if he can establish the following:

- Its goods or services have acquired international reputation and goodwill;
- Travelers from India to foreign countries have purchased the goods and brought them to India which is a form of importation;

⁵ Section 27 recognizes common law rights of the of the trade mark owner to take action against any person passing off goods as goods of another person or services provided by another or the remedies thereof.

⁶ Under this rule Court shall provide relief to affected party by temporarily refraining any act of the defaulting party which may cause injury (of any form) to the affected party till further orders from the Court.

⁷ Laid down in Cadila Health Care Ltd Vs Cadila Pharmaceuticals Ltd (2001)5SCC73.

- The goods and services have been advertised in international magazines which have been circulation in India and many potential customers of the goods and services have subscribed to such magazines or seen the advertisements;
- The goods have been sold in India on a scale which though not very extensive is not insignificant;
- The defendant could not furnish a satisfactory explanation for the adoption of the mark in question.

Although the Defendant might not be using the trade mark of the Plaintiff, the get-up of the Defendant's goods might be so much like the Plaintiff's that a clear case of passing off be proved. On the contrary although the Defendant might be using the Plaintiff's mark, the get-up of the Defendant's goods might be so different from the get-up of the Plaintiff's goods and the prices also are so different that there would be no probability of deception of the public then a case for passing off shall not sustain. Plaintiff has to be cautious about these factors while instituting a case of passing off, since the registration is allotted for a particular class mentioned in the Act, the suit for passing off shall not withstand if the Defendant has registered in a class completely different from that of the Plaintiff and where there is no question of resemblance or deception while usage of trade marks.

Registration is granted subject to certain limitations like passing off action. Registration of trademark is no defense for passing off.⁸ Courts first look into the question of prior use. Suit for passing off is based on goodwill and that it is not necessary for a Plaintiff in a passing off action to carry on business in India to prove prima facie case and balance of convenience to obtain an order of interim injunction and it is enough that the Plaintiff had a reputation in India.⁹ All matters where the question of trans-border reputation is claimed the courts have not insisted on proof of Plaintiff having carried on actual business in India rather advertisement of the mark has been considered as usage within India.

3.0 Goodwill and reputation in International market

Indian law concerning trade marks does not permit a brazen and slavish imitation of a well-known international mark by an Indian mark.¹⁰ The trade mark of a business accrues goodwill by good conduct and business performance. Being an intangible asset it is very difficult to identify when the goodwill takes into existence. No business possess goodwill from the start and it may be built up by the years of honest work or gained with lavish expenditure of money over a period of time. Courts¹¹ have held that the goodwill/reputation these days are not limited to a particular country because in the present day the trade is spread over the world and the goods are freely available in other countries. Reputation even travel through the commercial publicity made in magazines available in or brought in India.

⁸ As laid down in *Haw Par Bros International Ltd Vs Tiger Balm Co (P) Ltd and Ors* 1996(16)PTC311, *Century Traders Vs Roshan Lal Duggar and Co* AIR1978Delhi250 and *Sushil Vasudev Vs Kwality Frosen Foods Private Limited* 1993(1)KarLJ 609.

⁹ In *Apple Computer Inc Vs Apple Leasing & Industries* 1993(1)PLR63.

¹⁰ In *Jolen Inc Vs Shobanlal Jain and Ors* 170(2010)DLT244.

¹¹ Elaborated in *Trego Vs Hunt* (1896) AC7(HL) referred by SC in the matter of *CIT Vs Srinivasa Setty* 21CTR138(SC).

In yet another case, the Bombay High Court¹² held that trans-border reputation may be developed in any manner not only limited to advertisement and the factors taken into account in this matter were: **(a)** countries in which the mark was registered, **(b)** amount spent on advertisement derived from the annual returns, and **(c)** the impressive figures of growth of business over the years. Even if the Plaintiffs restaurants and food products are not advertised in India, the Plaintiffs have developed a trans-border reputation in India for the reasons and in the manner aforesaid.

On the flip side there are cases where the matter are decided in favor of Defendant such as Rajasthan High Court's Judgment of 2010 in the matter of Hilltone Vs Hilton where factors such as usage of logo which typically depicts the location of the hotel (on a rock), the presentation of food in the hotel, inner decor of the hotel being different from that of the Plaintiff in addition to the fact of prior registration within the country were taken into consideration. It is definitely alarming for the foreign trade mark owner as the court has not compared the names of the two parties and overlooked trans-border reputation while deciding the matter (it is pending before the SC). So taking a back seat just on account of trans-border reputation may not be a good idea instead Plaintiff has to be proactive to institute the suit at the earliest. These cases are not decided in favor of the Plaintiff simply on account of trans-border reputation unless it is supported by other factors which may be different from case to case.

Conclusion

Trans-border reputation coupled with other factors including prior use is a good case for succeeding in matter posted before Indian courts for passing off. Presently, a product and its trade name transcends the physical boundaries of a geographical region and acquires a trans-border or overseas or extraterritorial reputation not only through import of goods but also by its advertisement. The knowledge and awareness of the goods of a foreign trader and its trade mark can be available even at a place where the goods are not being marketed and consequently not being used. The manner in which or the source from which the knowledge has been acquired is immaterial.¹³Courts have repeatedly tried to protect the trans-border reputation and goodwill of the trade marks; however, it sometimes becomes essential to have the mark registered in India to ensure complete protection.

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¹² Pizza Hut International LLC and Pizza Hut Inc. Vs Pizza Hut India Pvt Ltd 2003(26)PTC208(Bom).

¹³ Laid down in the land mark case of N.R. Dongre Vs Whirlpool Corporation 1996 (5) SCC 714 has been referred in all the matters relating to trans-border reputation.