

Trade Marks enforcement: new dimensions!

Introduction

In India, trade mark rights may be acquired through the usage¹ in relation to goods or services, registration of such goods and services and their assignment/transmission. While the Indian judiciary frequently exhibits significant flexibility regarding protection, the enforcement of IP laws leaves much to be desired as it remains mostly inconsistent. The Trade Marks Act (“Act”) provides civil, criminal and administrative remedies² against infringement of trade mark. Courts, while analyzing cases, have interpreted provisions of the Act and its rules in various ways depending upon the diverse facts and circumstances of each case. This has led to significant changes over a period of time in the judicial approach, in the increased instances of granting John Doe injunctions, in re-framing the guiding principles for granting ex-parte orders, giving more importance to prior use than international reputation, and strict interpretation that similar or even same marks can be registered in different classes of goods and services by different proprietors.

The change in judicial interpretations also has an effect on the overall enforcement strategy that companies will need to adopt. This e-newsline will discuss in brief the various remedies available against infringement and passing-off in the Act and rules and analyzes the new trend in the IP enforcement strategy in India. While discussing the recent cases and the administrative actions, we suggest some necessary pointers that the companies need to consider while revisiting their IP policy to keep it aligned with the evolving trends.

1.0 Remedies against breach

For initiating an action for infringement, registration of trade mark is a necessary pre-condition. However, registration is not necessary for an action under the tort of passing-off against the use of any *identical* or *deceptively similar* mark with that of the proprietor.³ Under section 135 of the Act, the reliefs which a court may grant in an infringement or for passing-off action are: **(i)** an injunction restraining further use of the infringing mark; **(ii)** damages or an account of profit; **(iii)** an order for delivery up of infringing labels and marks for destruction or erasure. The nature of relief is same for both infringement and passing-off provided the passing-off action is based on similarity of marks. The relief mentioned in the Act is not exhaustive. In a passing-off action even if misrepresentation causes a real likelihood of confusion or deception which causes consequent damage to a plaintiff, relief is generally granted.

¹ According to jurisprudence, the actual presence of the goods or the actual use of the mark in India is not mandatory and it would suffice if reputation and goodwill in respect of the mark have accrued in India through advertising or other means

² Other remedies are available to rights holders under the Customs Act 1962, which deals with import/export of goods and confiscation of infringing materials by the relevant authorities

³ Under section 27 of the Act

Where there is a possibility of defendant destroying or disposing of the incriminating material the courts pass ex-parte Anton Pillar orders to inspect a defendant's premises without notice.⁴ For this there must be strong prima facie case, the threat of potential or real damage must be very serious and a clear evidence that defendants possess incriminating documents. This order is similar to the ex-parte interlocutory order to inspect the premises of the defendant and take an inventory of the offending articles. Under section 35(2)(c), when a probability exists of the assets being dissipated or cancelled so as to make a judgement against a defendant worthless and unenforceable, Mareva injunction is passed to freeze such defendant's assets.⁵

Usually passing-off or infringement involves a series of acts and each such infringing act provides for a fresh cause of action. Under section 118 of the Act, the limitation period for infringement or passing off is 3 years from the date of each offence and 2 years from the discovery thereof, whichever happens first. Jurisprudence has established that quick action by a proprietor establishes the gravity of the claim before the court, mere delay in bringing an action is not sufficient to defeat grant of injunction and the grant of injunction also becomes necessary if it *prima facie* appears that the adoption of the mark itself was dishonest.⁶

2.0 Recent measures and evolving trends

2.1 John Doe orders to curb piracy: The first vital development in judicial approach is that the John Doe orders are becoming quite common in the trade mark infringement matters in film industry and is emerging as an effective way to curb piracy. These orders restrain prospective defendants and are meant for anyone who is likely to infringe the mark or copyrights of a product. The Delhi High Court has recently issued⁷ John Doe orders against all the prospective defendants restraining them from displaying, releasing, showing, uploading, downloading, exhibiting, playing, and defraying the movie, without a proper license from its producers. The order also restrains those who may wish to release or distribute the film without permission through CD, DVD, Blue-ray, VCD, Cable TV, DTH, internet, MMS, tapes, conditional access system or other media. Upon grant, this order enables an IP owner to serve notice and take action at the same time against anyone who is found to be infringing the mark and copyright of the movie. It, however, poses some difficulty for ISPs restricting them from file sharing.

2.2 New guidelines for issuing Ex-parte orders: When considering applications for ex-parte, interim orders, Indian courts are guided by the following aspects: **(i)** the balance of convenience; **(ii)** whether the plaintiff will suffer irreparable harm should the order not be issued; and **(iii)** whether a *prima facie* case exists. Recently, in *Ramrameshwari Devi & Others vs. Nirmala Devi & Others*,⁸ the Supreme Court laid down the following guidelines for the grant of ex-parte orders for the courts to adopt in preventing frivolous litigations and also cautioning courts on the grant of indiscriminate ex-parte orders: **(i)** Exercise due care, caution, diligence

⁴ It started from the case, E.M.I. v Kishorial [1976]RPC 333 and has since become popular remedy

⁵ Mareva Companca v International Bulk Carriers (1980) All ER 213

⁶ Midas Hygiene Industries P Ltd v Bhatia ((2004) 3 SCC 90)

⁷ For Hindi films like 3 Idiots, Singham, Bodyguard, etc

⁸ Civil Appeal No. 4912-4913 OF 2011 (Arising out of SLP(C) Nos. 3157-3158 of 2011); decided on July 04, 2011

and attention while framing the issues for the suit to not include issues already decided by other courts in violation of the principle of *res judicata*; **(ii)** Carefully scrutinize, check and verify the documents filed by the parties; **(iii)** Order discovery and production of the documents at the earliest to focus on the main controversies of the case and arrive at the truth of the matter; **(iv)** Impose realistic costs on parties who engage in frivolous litigation; **(v)** Carefully grant *ex-parte* orders. Where injunctions are challenged and the courts conclude that it was granted on the basis of false pleadings or forged documents litigants must pay costs; **(vi)** The principle of restitution should be applied in a pragmatic manner in order to do real and substantial justice; **(vii)** If *ex-parte* order is granted then all endeavors should be made to dispose the application for injunction as expeditiously as possible to prevent any incentive of prolonging the matter on the plaintiff's part.

2.3 Differential evidentiary standard for trade mark infringement and passing-off: In *Mahashian Di Hatti Ltd. vs. Mr. Raj Nivas, Proprietor of MHS*, the Delhi High Court re-affirmed the differential evidentiary standards prescribed for trade mark infringement and passing-off. The plaintiff used the registered logo MDH in its business of manufacturing and selling spices & condiments since 1949 and registered since May 31, 1991. The defendant also engaged in the same business and used logo MHS contending the phonetic dissimilarity between MDH and MHS. The court compared the logos and *inter alia* discerned the similarities that both the logos used the same color scheme and shape and, therefore, had strong visual but weak phonetic similarity. As both the parties were engaged in the same business of manufacturing and selling spices, this was held to be a clear case of infringement and MHS was restrained from manufacturing, selling or marketing any spices or condiments using the impugned logo MHS or any other trade mark which was identical or deceptively similar to the registered trade mark of MDH. The court discussed the distinction between infringement and passing-off. The statutory right of a proprietor is infringed when a visually, phonetically or otherwise similar mark to the registered trade mark is used by someone else. Here, the proprietor must prove that the trade mark adopted by the defendant substantially resembled its trade mark on account of extensive use of the main features present in his trade mark. Even if the defendant proves that the consumer could distinguish his products from that of the plaintiff, he would still be held liable for infringement of the registered trade mark. However, in passing-off, if there is a possibility for distinction of goods by the consumer, the defendant would not be held liable.

2.4 Border control measures: Under the revised Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007 notified under the Customs Act, 1962, customs officials can seize infringing goods at the border without the need for a court order. For this, the proprietors need to record their registered trade mark with the custom authorities. Proprietors can give notice in writing of suspected infringing goods to the commissioner of customs or any other customs officer authorized by the commissioner at the port of import requesting the suspension of clearance of the goods. These officers will act upon such a request and prevent the importation of goods infringing that mark. Customs authorities have the power to suspend the clearance of prohibited goods either on information received by the rights holder or on their own initiative, provided they have *prima facie* evidence or reasonable grounds to believe that the imported goods infringe the recorded mark.

2.5 Prior usage v. trans-border reputation: Hilton International entered India in 1995 and later learnt that a hotel called Hilltone Private Limited existed in Mount Abu since 1973 whose name was apparently similar, though not identical to Hilton, their registered mark. They sent a legal notice to warn and stop them using the Hilltone mark as it was infringing Hilton mark. Hilltone filed a suit for groundless threats of trade mark infringement. Hilton also filed a trade mark infringement suit against Hilltone. While the infringement suit is pending before the District Court, the final judgment of the District Court in the other case filed by Hilltone against Hilton did not really preclude Hilton from continuing to use its brand in India, yet it did not identify Hilltone as an infringer. Apparently, Hilton can continue using its trade mark until such time that they are revoked by the Registrar or the IP Appellate Tribunal. Given that the right to use a trade mark is linked to its actual use, it is reasonable to argue that if Hilton entered India only in 1995; Hilltone which has been using its mark 22 years before Hilton entered the Indian market shall have a proper or prior right. Hilton has not been able to provide any evidence that they were operational in India prior to this date, including any evidence of trans-border reputation prior to 1995!

2.6 Significance of Class: In *Raymond Limited vs. Raymond Pharmaceuticals*, on July 13, 2010, a division bench of the Bombay High Court had ordered, the appellant Raymond Limited, a Mumbai-based textile company, to share its well-known trademark Raymond with a Chennai-based pharmaceutical company Raymond Pharmaceuticals. A registered mark can be adopted by a defendant as its trade name in two situations, **(i)** when the defendant is dealing in the goods in respect of which the mark is registered and **(ii)** when the defendant is not dealing in the goods in respect of which the mark is registered. Despite being aware of both these situations, the legislature had provided that only when the defendant adopts the registered mark as a part of its trade-name *and* deals in goods in respect of which the mark is registered, *then only* it will amount to infringement. A decision propounding that the defendant's usage of plaintiff's registered mark as a part of his own trade name, where the goods are the same, will fall under section 29(5),⁹ whereas if the goods of the defendant are dissimilar, it will fall under section 29(4),¹⁰ would be contrary to the legislative scheme of section 29.¹¹ The court further discussed that a person who is owner of the registered mark has been given a remedy of getting the registration of a company with a similar name being cancelled. In case a company has plans to expand its goods and/or services to other classes, it should also consider registering its mark in such other classes.

3.0 Conclusion: Choosing the correct enforcement strategy

As the first logical step, enforcement strategy of an organization should have internal checks and balances. Second step would be to monitor the external medium of brand

⁹ This section provides that "A registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern dealing in goods and services in respect of which the trade mark is registered"

¹⁰ This section provides that "A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which- (a) is identical with or similar to the registered trade mark; and (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and (c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark"

¹¹ This section discusses the ways a registered trade mark is infringed

promotion and be aware of the marks that may have some likelihood of confusion, including the websites of competitors, comparative advertising, brochures, or catalogues. Companies can get actively involved with industry associations and in the measure such associations take to curb piracy, counterfeiting, or plans search and seizure, and border control measures. The need for any protection must be weighed against the corresponding loss when not protected.

With emerging new dimensions and interpretations of the existing framework of trade mark enforcement, it is crucial for companies (read proprietors) to keep a tab on developments and accordingly plan their strategy. The registration of the trade mark is only the beginning of the brand protection process in India. Enforcement measures are based on a *prima facie* case which helps in determining the choice of civil, criminal or administrative remedies. This shall further depend upon the extent, duration, location and nature of the infringing activity, right to the use of a potentially infringing mark in good faith, and the financial standing and assets of the infringer, etc. Criminal remedies such as seizure, arrest, and detention of goods and participation of the defendant in hearings by force of law may seem strong measures at the first place but corruption and lack of IP awareness at prosecution and law enforcement level makes it exceptionally difficult to prove IP infringement, often resulting in acquittals. Therefore, civil remedies mostly outweigh the criminal remedies. However, sometimes, say for institutionalized piracy, civil proceedings may be ineffective in terms of cost as well as results, given its organized nature.

Keeping the above considerations in mind carefully planned IP enforcement strategy is critical for Indian companies. India is witnessing a transition in becoming a market economy and a complete overhaul of laws, policies, and market environment that complement the IP system. Therefore, the goals of the IP policy of a company should be to strengthen competitiveness in market, to work in sync with the technological advancement of India and world, to establish the IP protection and policy support system, to allocate IP management within various departments like technology, sales and marketing, to foster awareness among employees of IP protection.

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