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Well-Known Marks: A Change In Legal Perspective?

The author aims to compare the principles of territoriality and universality doctrines as applied by the Indian Courts over a period of time

For years, India has been known as a country protecting foreign brands irrespective of physical use of trademarks in India. However, the recent decision of the Supreme Court of India in *Toyota Jidosha Kabushiki Kaisha v. M/s Prius Auto Industries Limited*¹ delivered on 14th December 2017 seems to have diluted the concept of universality of marks. This paper aims to compare the principles of territoriality and universality doctrines as applied by the Indian Courts over a period of time.

*N. R. Dongre v. Whirlpool Corporation*² stated that even advertisement of a trademark without physical existence of goods in the market is considered as use of a trademark. Relief was granted to U.S.-based multinational Whirlpool Corporation on the basis of trans-border / spill-over reputation of the mark WHIRLPOOL for washing machines in India. Whirlpool Corporation did not make out a case of actual sales in the markets in India and had made limited sales to the US Embassy



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and US ATO in India. Despite the same, they were granted injunction on the basis of the advertisements in magazines having international circulation in India. The Court stated that Whirlpool was gaining reputation throughout the world and that the reputation was traveling trans-border to India through commercial publicity made in magazines which are available in or brought in India. Thus, an unregistered brand in India was granted protection against a domestic registered proprietor despite no physical or actual use of the mark on the basis of trans-border reputation of the mark.

In **Milmet Oftho Industries & Ors. vs. Allergan Incorporated**³, the Supreme Court relying on the universality principle stated that the mere fact that Respondents (Allergen) have not been using the mark OCUFLOX in India would be irrelevant if they were the first in the world market. However, the readers must bear in mind the peculiar facts of this case. In Milmet Oftho, the goods in question were medicinal goods, namely 'eye care products'. The Court specifically stated that in respect of medicinal products, exacting judicial scrutiny is required if there was a possibility of confusion over marks because the potential harm may be far more dire than that in confusion over ordinary products.

The Court further stated that the field of medicine is of international character and eminent doctors, medical practitioners, and persons / companies connected with the medicinal field keep abreast of latest developments in medicines and preparations worldwide. Doctors, medical practitioners, etc. regularly attend medical conferences, symposiums, lectures, etc. and the goods are widely advertised in newspapers, periodicals, magazines, other media and this results in a product acquiring worldwide reputation.

The Supreme Court of India in Toyota Jidosha, however, has taken a different view on protection of marks which are in use internationally but not in India. The Court referred to the views of the Supreme Court of the U.K. from **Athletes' Foot Marketing Associates Inc. vs. Cobra Sports Ltd.**⁴ and **Starbucks vs. British Sky Broadcasting**⁵. The Indian Supreme Court quoted the following observations made by Lord Neuberger in the Starbucks case:

"As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough... The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction, but it is not necessary that the claimant actually has an establishment or office in this country. In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for a claimant to show that there are people in this jurisdiction who happen to be its customers when they are abroad. ..."

“The Court determines the priority and use of the mark on the basis of the documentary evidences

Relying on the above and case laws from other countries of the world, the Apex Court of India specifically stated that the overwhelming judicial and academic opinion all over the globe seems to be in favor of the territoriality principle and applied the same in Toyota Jidosha while stating that to give effect to the territoriality principle, the Courts must necessarily have to determine if there has been a spill-over of the reputation and goodwill of the mark used by the Plaintiff(s).

The Court recognized that Toyota's trademark 'Prius' had acquired a great deal of goodwill in several other jurisdictions even much earlier to the use and registration of the same by the Defendants in India. However, the Court while applying the territoriality principle noted that the Plaintiffs had failed to provide adequate evidence to prove that they had acquired a substantial goodwill for its car under the brand name Prius in the Indian market. The car was introduced in the Indian market in the year 2009-2010, whereas the Defendants have been continuously using the mark PRIUS since 2001 and had obtained registration of the said mark in the year 2002.

The Court stated that the advertisements in automobile magazines, international business magazines; availability of data in information-disseminating portals (Wikipedia and online Britannica dictionary); and the information on the Internet would not be a safe basis to hold the existence of the necessary goodwill and reputation of the product in the Indian market at the relevant point of time since in the year 2001 (when Defendants started using the mark in India), there was limited online exposure to the Indian public.

The Court also referred to very limited sale of the Plaintiffs' product in the Indian market after its first launch in the year 2009-2010 and absence of advertisement of the product in India prior to the year 2001 and said that the same amounts to lack of goodwill in the domestic market or lack of knowledge and information of the product amongst a significant section of the Indian population as well as the relevant segment of the population. The Court thus held that the Plaintiffs' brand name Prius for cars had not acquired the degree of goodwill, reputation, market, or popularity in the Indian market so as to maintain an action of passing off against the registered domestic proprietor.

¹ <https://indiankanoon.org/doc/163092085/>. ² 1996 PTC (16). ³ 2004 (12) SCC 624. ⁴ 1980 R.P.C 343. ⁵ 2015 UK SC 31.

The author would like to bring attention of the readers to the peculiar differences in the Whirlpool and Prius matters through the following table:

	WHIRLPOOL	PRIUS
Prior Registration	In 1956-57, the Plaintiffs obtained registration of the trademark Whirlpool in India which was renewed periodically till 1977. In 1977, the registration lapsed on account of non-renewal. The Plaintiffs again applied for registration of the mark in the year 1988. However, the Defendants had obtained the registration with registration date of 06.08.1986.	The Plaintiffs, at no relevant point of time, had applied for registration of the trademark Prius prior to 2009. The application was filed only on 3.12.2009 on a 'proposed to be used basis' followed by the institution of the suit on 21.12.2009.
Delay and Laches	The Plaintiffs had opposed the application for registration filed by the Defendants. However, the Registrar decided against the plaintiffs and granted registration to the Defendants vide order dated 12.08.1992. The plaintiffs immediately commenced judicial proceedings in the year 1992 and 1993.	The Plaintiffs were aware of the Defendants' mark at least from April 2003 since publications in Pioneer magazines (like Autocar, Overdrive) contained Defendants' advertisements under the name 'Prius' and both the parties have been advertising their products in the same magazines. However, suit was instituted in the Delhi High Court only in the year 2009, thus amounting to delay and laches on part of the plaintiffs.
Reason for adopting the mark	The Court held that there was no plausible and convincing explanation by the Defendant as to how they came to adopt the mark WHIRLPOOL.	The Court held that since goodwill or reputation in India is not established by the Plaintiffs, no other issue would need any further examination to determine the extent of the Plaintiffs' right in the action of passing off. The Court further said that even if they disagree with the view of the Division Bench of the High Court in accepting the Defendants' version of the origin of the mark 'Prius', the same is irrelevant since the Plaintiffs have not been able to prove goodwill or reputation of the mark PRIUS in India. The reason given by the Defendants in adoption of the mark PRIUS was that as they were the first in India to manufacture add-on chrome-plated accessories, they had conceptualized their attempt as 'pehelaprayas' (Hindi word meaning 'first attempt').
Use of the mark by Plaintiffs	The documents and affidavits filed by the Plaintiffs made out a case of actual sales by the Plaintiffs of Whirlpool products including washing machines in a number of geographical regions around the world. The Plaintiffs had made limited sales to the US Embassy and US ATO in India. The products were advertised in magazines having international circulation including in India.	The documents proved by the Plaintiffs to establish goodwill and reputation were all post April 2001 (date of adoption of the mark by the Defendants).
Use of the mark by Defendants	The Defendants did not adduce any documentary evidence of having marketed their washing machines under the mark WHIRLPOOL prior to grant of the interlocutory injunction.	The Defendants were using the mark Prius in carrying out their trade in auto parts and accessories since 2001.

On the basis of the above, it can be concluded that the Prius matter was decided in favor of the domestic proprietor since Plaintiffs were unable to provide sufficient and cogent documentary evidences to prove trans-border / spill-over reputation of the mark Prius in India prior to use of the

mark by the Defendants. The author would though like to emphasize that assessment of the reason for the Defendants in adopting the mark PRIUS was sine qua non. In the author's opinion, the mala fides of the Defendants in adopting the mark Prius could have been an important determining factor.



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