



Protection of Unregistered Global Brands in India

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INTRODUCTION

India, being a common law country, enjoys certain privileges when it comes to Trademark Law. In addition to priority rights for “first to use”, and the remedy of “passing off” for unregistered marks, there exists another age-old common-law right, not typically considered in global strategy - the transborder reputation of an extra territorial trademark. One does wonder, in this flat world, global market scenario, how trademark rights can still remain territorial and protected only in the jurisdiction of commercial use. Given that almost all brands today have an online presence, accessible to anyone in the world, enforcement in a territory with no commercial presence has always been the greatest challenge for rights holders.

Transborder reputation of a trademark is when the reputation of the mark in a specific geographic territory is so strong, it is said to transcend the jurisdiction from which it originates and spills over to another country where it may not be in use. The modes of communication, the reputation of a product/ service can easily transcend territorial limits due to promotions, advertisements, commercial publicity and international market presence. Several marks, despite not being marketed or used in India have obtained judicial protection under the common law of passing off. Indian courts have been keen to protect globally recognized brands from the passing off of their marks and counterfeit products in India. However, to establish reputation, the claimant would have to demonstrate that the trade and the public in India, associate the mark in question with its source or manufacturer.

BACKGROUND

In 1986, in *Centron Industrial Alliance Limited v. Gillette UK Limited*, Gillette alleged that Centron infringed its trademark 7 O’Clock for safety razor blades. Due to government restrictions, import of the 7 O’Clock razors to India was not permitted post 1958. In 1984, Gillette collaborated with an Indian company for the manufacture and sale of its razors in India. In 1985, Gillette learned that the defendants were using a deceptively similar mark “7-Up” on safety razors. The Court noted that, publicity related to a consumer article, namely, safety razors, is not generated merely by advertisements in India since such goods are advertised in foreign newspapers and magazines, having circulation in India. Additionally, it was noted by the Court that, a large number of Indians who visit other countries would have had the opportunity to use Gillette’s 7 O’CLOCK razors. In view of this, the Bombay High Court protected Gillette’s rights.

In 1988, in the case of Kamal Trading Co. Vs. Gillette UK Limited, the Bombay High Court restrained the usage of the 7 O' Clock mark for toothbrushes due to the reputation of the mark with respect to the Respondent's products i.e., razors and shaving creams. The Court, while expressing dissatisfaction, noted that goodwill and reputation do not fade out simply due to the product not being available in the country.

During arguments, one of the UK decisions in Anheuser-Busch Inc. v. Budejovicky Budvar N P ("Budweiser case") was cited in the matter that held that Budweiser beer was sold only to English military and diplomatic establishments and that these sporadic sales could not be construed as business by the plaintiff in England to entitle itself for an injunction. Notably, the English law follows the territoriality principle which stems from the understanding that although a mark may have global reputation, it cannot earn goodwill of the consumers in a certain jurisdiction if they haven't bought/used the product associated with that mark. The Bombay High Court rejected the ratio therein and expressed its dissent from the English hard-line "territoriality" approach to passing off claims.

In 1991, a single judge of the Delhi High Court in Apple Computer Inc. vs. Apple Leasing, enjoined a local defendant from using the word "APPLE", "APPLE COMPUTER", and its variations, including the deceptively similar device of a half-bitten apple as that of the plaintiff, for computer education services or otherwise in the course of trade. The plaintiff had no business in India at the time due to import restrictions. The plaintiff made out a prima facie case by proving balance of convenience.

The Delhi High Court in Blue Cross and Blue Shield Association v. Blue Cross Health Clinic, 1990 granted an ex-parte injunction relief on the ground that there was an international reputation of the plaintiff's mark although there was no registration or use of the said trademark in India.

From here on, the doctrine of transborder reputation evolved multi-fold and established the below precedents.

PRESENT LAW

The doctrine of trans-border reputation was recognized for the first time in detail by the Supreme Court (SC), in N.R. Dongre V. Whirlpool Corporation Ltd., (1996) 5SCC 714. The Court held that the actual sale in India is not necessary for a plaintiff to establish its goodwill and reputation in India. Further, the court said that "a product and its trade name transcends the physical boundaries of a geographical region and acquires a trans-border or overseas or extra-territorial 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 trademark can be available at a place where goods are not being marketed and consequently not being used."

In Calvin Klein Inc v. International Apparel Syndicate, 1996 PTC 16, the Calcutta High Court observed that the goodwill and reputation of an international trademark are entitled to protection even though there was no user of the mark in India by the plaintiff. The Court held this to prevent the respondent from "cashing in" on the international reputation, whereby recognizing transborder reputation of a trademark not filed or used in India.

In Cadilla Health Care Ltd. v. Cadilla Pharmaceuticals Ltd., 2001 PTC 300 (SC), the SC observed that “it must also be remembered that nowadays goods are widely advertised in newspapers, periodicals, magazines and other media which is available in the country. This results in a product acquiring a worldwide reputation.”

In Soliaon Ink v. Doctor and Co., 2002 (25) PTC 29, the Delhi High Court held that, if a mark has attained large sales figures in its country of origin, even advertisements, without a single sale in India, would be sufficient to obtain an injunction for passing off on the ground of transborder reputation.

In the case of Milmet Oftho Industries & Ors. v. Allergan Inc., 2004, the SC granted trademark protection to a well-known foreign brand. The court restrained an Indian company from using the mark OCUFLOX. The judgment was given irrespective of the fact that the mark was neither used nor registered in India. The court held that the respondent was the first to enter the market and adopt the mark. It does not matter that the respondent has not used the mark in India if they are the first to enter the world market.

In Enterprise Holdings, Inc. v. Enterprise Auto Rentals, 2014, the Hon’ble Delhi High Court has held that the concept of passing off had undergone changes with the advent of technology modernization. The reputation of a business could transcend boundaries by virtue of its advertisements in newspapers, media, circulation, expatriate reputation and other relevant factors.

In Cadbury UK Limited & Anr v. Lotted India Corporation Ltd., 2014 (57) PTC 422 (Delhi), the law relating to trans-border reputation has been further strengthened and has been taken to another level wherein the Court has not merely relied upon the decisions of Milmet Oftho and Whirlpool but has extended the principle of trans-border reputation by observing that the existence of merchant on web pages which are of foreign origin and social media are sufficient to show the trans-border nature of reputation without having any activity in India at the relevant time, thereby showcasing the global character of the trademark.

REQUIREMENT OF GOODWILL

In December 2017, the SC passed a judgement in the case of Toyota Jidosha Kabushiki Kaisha v. M/s Prius Auto Industries Limited, where it diluted its own findings in the Whirlpool and Milmet Oftho judgements and denied relief in a passing-off action, while deciding the question on ‘Universality principle’ to determine transborder reputation. The SC, relying on the principle of Territoriality, held that, showing transborder reputation in India is not sufficient. In order to enforce a famous, unregistered mark across international border, goodwill must be shown within the territory of India.

Considering India’s leading judicial precedents, the Prius case is considered as a ‘bad law’ as the territoriality principle blocks the anticipated expansion of a foreign company to enter India. The SC did not analyze the earlier judicial pronouncements while adjudging this matter and furthermore did not assign any reasons while deviating from the prior judgments.

CONCLUSION

Despite the Prius case, the Delhi High Court more recently in Singh and Singh LLP v. Singh + Singh Lawyers LLP, [2021] SCC Online Del 3059, was of the opinion that in a world that is internet-driven, law firms such as that of the Plaintiff have a reputation that is not limited by geographical boundaries. In this case, the Defendant did not practice in India and had its office in Canada. The Plaintiff, on the other hand, primarily practiced in India and also had a significant online presence. So, the issue was whether the Defendant's mark caused confusion to the Plaintiff's foreign clientele. These cases typically speak to the mind of the Courts of India and the developing role of transborder reputation claims. Given the international nature of most brands, it could be argued that even without a trademark registration, there is a significant chance of enforcement of one's brand without a commercial presence or a registered trademark under India's common law.

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