

Indian Trademark Law: A Comparison with EU and U.S. Laws

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In late 2009, the INTA India Project Team organized three roundtables, in Delhi, Bangalore and Mumbai, on trademark issues that Indian brand owners can expect to encounter in the United States and the European Union. This article, written by the panel of speakers that led the roundtables, reverses the perspective by focusing on some aspects of Indian trademark law and enforcement that may be of interest to non-Indian brand owners entering into the Indian market.

Foundations of the System

Indian trademark law, like U.S. trademark law but unlike most European trademark laws (and Community trademark law), is based on a “first to use” system. Although the principle was codified for the first time in the Trade Marks Act 1999, a number of earlier judicial decisions gave the term “first to use” a wide interpretation. Unlike in the United States, *first use anywhere in the world* accompanied by a transborder reputation of the mark in India is the determinant for ownership of trademark rights in India.

This transborder reputation can be established through the mere availability in India of literature or advertising materials featuring the mark in question, which need not even be directed to Indian customers. Thus, the appearance of advertisements in in-flight magazines on flights bound for India has been considered sufficient evidence to demonstrate a “reputation.” Even the existence of materials that are dedicated to products that are banned in India—and therefore clearly not directed toward the Indian public—has been considered sufficient for these purposes. For example, Playboy, whose own magazines are banned in India, relied on global advertisements to claim that the mark PLAYBOY had goodwill and reputation in India. This is in stark contrast to the position in the EU, where an action for passing off or unfair competition typically requires an established goodwill among actual customers of the relevant product or service in the respective country, and the position in the United States, where generally use of a mark in commerce in the United States or in commerce between a foreign country and the United States is necessary to establish rights in the mark.

Trademark rights in India can also be acquired through registration. A trademark may be registered, even if use of it has not commenced, on a “proposed to be used” basis. The mark may remain unused, but still protected, for a maximum period of five years after it is entered onto the register. At the end of this five-year period, it will become liable for rectification (cancellation). However, rectification can occur only at the instigation of a third party; registered trademark owners are not required to periodically prove that their marks are in use in order to maintain their registrations. This is the same as in the EU, but different from the position in the United States, where, except as noted below, a registration based on use can be obtained only after a mark is used in U.S. interstate commerce or in commerce between a foreign country and the United States. Foreign treaty applicants may base a U.S. registration on their foreign registration without demonstrating use in the United States, with the effect that registration will be cancelled automatically after five years if use is not shown.

But the position in the EU and India also differs in one important respect. In India, cancellation actions often fail, even before any assessment of actual use of the challenged mark is carried out, on account of the lack of a bona fide intent of the third party bringing the action. A 2008 judgment of the Intellectual Property Appellate Board (IPAB) in *Kanishk Gupta v. Liberty Footwear* discussed how removal of a mark on grounds of non-use is discretionary. The IPAB went on to rule that the blatant adoption by a third party of a mark that is deceptively similar to an invented mark on the register disentitles that party to seek its removal. In other words, a mark consisting of an invented word cannot form the subject matter of a cancellation application, especially when the party seeking cancellation has adopted a similar mark with the intention to deceive.

What Constitutes “Use” in India?

Use of a mark outside India or a transborder reputation of a mark in India may not be enough to sustain a registration if it is attacked on grounds of non-use. Some use of the mark in India is required, although “use” generally has been given a broad meaning by the Indian courts. In its 2003 judgment in *Hardie Trading v. Addison Paints*, the Supreme Court of India ruled that “use” may be “non-physical” but must be “material,” that is, meaningful.

The test itself is not that different from the test in the EU, where use must be “genuine” and not mere token use. In practice, however, it is probably easier to meet in India. In the *Hardie* case, the circulation of a price list for a product that was not yet available for sale was on its own held to amount to “material” use of the mark.

There is no quantity threshold that needs to be met to establish use of a registered mark in India. In the case of well-known marks, for instance, a single advertisement may be considered sufficient. In a recent judgment in a case involving Toshiba Corporation, the Supreme Court of India held that, against the backdrop of a government ban on account of which goods could not be imported into India, a single instance of an advertisement by Toshiba in India, coupled with its global reputation, registrations for the TOSHIBA brand and marketing, gave the corporation’s trademark immunity from cancellation.

Dilution

In the United States, the owner of a famous *and* distinctive mark has a cause of action for dilution. This applies to dilution by blurring and dilution by tarnishment. However, a mark must be used in the United States to qualify as a famous mark (i.e., a mark “widely recognized by the general consuming public of the United States”). In the EU, the trademark need not be “famous” but it must be known by a significant part of the public concerned with respect to the products or services covered by the mark.

The principle of dilution has traditionally been well recognized in Indian trademark jurisprudence, with the result that proprietors of globally well-known trademarks, including APPLE, CARTIER, CATERPILLAR, DUNHILL, FORD, HONDA, HYUNDAI and MERCEDES-BENZ, have succeeded in passing-off actions in India against users of identical or similar marks in relation to dissimilar goods. As the Delhi High Court, in the 1994 case of *Daimler Benz Aktiengesellschaft v. Hybo Hindustan*, observed, “[I]t will be a great perversion of the law relating to trademarks and designs, if a mark of the order of the ‘Mercedes Benz’... is humbled by indiscriminate colourable imitation by all or anyone.” Today, dilution as a concept

finds statutory recognition in Section 29 of the Trade Marks Act 1999, which specifically allows an action for infringement where the goods in question are not similar and the marks are deceptively similar or identical.

Enforcement

As in the United States and the EU, administrative proceedings are available in India for dealing with matters concerning the register. Proceedings are conducted before the Registrar of Trademarks, and appeals are filed with the IPAB. The IPAB comprises a technical member (with a background in intellectual property) and a judicial member (a retired judge). The procedure involved is the same as in a court of law, although timelines are shorter.

Generally, matters concerning the register are dealt with by the Registrar and matters concerning use are dealt with by the court. Theoretically, cancellation actions can be filed either before the Registrar or before one of the High Courts, but in practice, if filed before the court, the case will usually be referred to the Registrar to be looked at first.

There are 21 High Courts in India, of which four (Delhi, Mumbai, Kolkata and Chennai) have the authority to hear intellectual property cases. Those cases that lie outside the jurisdiction of these four High Courts are first heard by the relevant district court and then on appeal by a High Court. IP cases that have been heard by the district courts are few and far between, and the outcome of such cases is far from satisfactory, as judges often are not equipped to appreciate complex trademark issues.

In order for one of the four High Courts to have jurisdiction over a trademark dispute, one of the following conditions must be satisfied: (1) the cause of action arises in the jurisdiction of one of the High Courts; (2) the defendant's place of business is in the jurisdiction of one of the High Courts; or (3) the plaintiff's place of business is in the jurisdiction of one of the High Courts. A defendant or plaintiff will have a "place of business" in a particular jurisdiction if its products are sold in that jurisdiction or if it provides after-sales service there.

For brand owners who wish to file a lawsuit before one of the four High Courts and find that they are unable to satisfy any of the

conditions that would allow them to do so, a solution is offered by the 1995 decision of the Delhi High Court in *Glen Raven Mills v. Vaspar Concepts*. That case establishes that a plaintiff may claim that a particular High Court has jurisdiction, on the basis of a cause of action, by making a "trap" purchase of the defendant's goods from the relevant locality. A cause of action will arise in any jurisdiction where the defendant was willing to make its goods available in "commercial quantities."

Recently, courts and mediators have tried to encourage parties to consider alternative remedies in lieu of damages to accompany an injunction, particularly in cases where the defendant does not have a strong financial position. Examples include community service and participation in anti-piracy initiatives. In a recent matter involving an infringement of the trademarks of a global media giant by an Indian media company selling DVDs featuring nursery rhymes, the defendant offered to suffer an injunction and distribute free non-infringing DVDs to various charities in lieu of monetary compensation. The rationale for these alternative remedies is that they are still considered to have a deterrent effect, while at the same time they can encourage a quicker resolution of a matter.

Continuing in this vein of promoting an expeditious disposal of IP matters, the Indian Supreme Court (the highest court in India) recently observed, in *Bajaj Auto Ltd. v. TVS Motor Co. Ltd.*, that all courts and tribunals in the country hearing IP cases should proceed with such matters on a day-to-day basis and final judgment should be given, normally, within four months from the date of filing of the suit. Although this timeline sounds ambitious and difficult to achieve in light of the backlog of cases in India, the intent is loud and clear: if attorneys are willing to push a matter to an expeditious conclusion, the judiciary will not stand in the way. Most district courts have started to implement this judgment and to treat IP matters as equal in significance to criminal and other civil cases.

With the world watching, India is rising to the challenge and is fast catching up with other parts of the world in the development of its trademark laws and practice. Differences remain, however, of which brand owners entering into the market should be aware; they can sometimes present unfamiliar obstacles, but recognize that they can also offer opportunities.

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