

**World
Trademark
Review**

Trademark Litigation 2017

A Global Guide

India
Inttl Advocare
Hemant Singh

Contents

Welcome <i>Trevor Little</i>	5	India Inttl Advocare <i>Hemant Singh</i>	83
Brazil Kasznar Leonardos Intellectual Property <i>Claudio Barbosa, Nancy Caigawa and Rafael Lacaz Amaral</i>	7	Latvia Agency TRIA ROBIT <i>Vladimir Anohin, Bronislavs Baltrumovics and Katerina Grishina</i>	91
Canada Bennett Jones LLP <i>Dominique Hussey, Trent Horne and Jeilah Chan</i>	15	Poland Kulikowska & Kulikowski <i>Beata Wojtkowska and Monika Chimiak</i>	99
Chile Mackenna, Irarrázaval, Cuchacovich y Paz <i>Rodrigo Marré Grez, Virgilio Topasio Maluk and Juan Avendaño Parra</i>	23	Romania Muşat & Asociații <i>Anca Buta Muşat and Paul George Buta</i>	107
China Chofn Intellectual Property <i>Haoyu Feng and Xiaoming Liu</i>	31	Russia Gorodissky & Partners <i>Anton Melnikov</i>	115
Denmark Bech-Bruun <i>Claus Barrett Christiansen</i>	39	Saudi Arabia Cedar White Bradley Nidal Kadasa Advocates & Legal Consultants <i>Nidal Nassir Kadasa and David Harper</i>	121
Egypt Cedar White Bradley Hazem M Wahba Advocates & Legal Consultants <i>Hazem Wahba and Mohamed Allam</i>	45	Switzerland Walder Wyss Ltd <i>Markus Frick and Magda Streuli-Youssef</i>	129
Finland Krogerus Attorneys Ltd <i>Tuukka Airaksinen and Sarita Schröder</i>	51	Turkey Gün + Partners <i>Uğur Aktekin, Hande Hançer Çelik and Mutlu Yıldırım Köse</i>	137
France PROMARK <i>Alain Berthet, Bénédicte Devevey and Elisabeth Berthet</i>	59	United Arab Emirates Cedar White Bradley Khalid A Altamimi Advocates & Legal Consultants <i>David Harper and Khalid A Altamimi</i>	145
Germany Squire Patton Boggs (US) LLP <i>Iliana Haleen, Jens Petry and Maren Ebner</i>	67	United Kingdom Nabarro LLP <i>David Parrish and Oscar Webb</i>	153
Greece Ballas, Pelecanos & Associates LPC <i>George Ballas, Nicholas Gregoriades and Maria Spanos</i>	75	United States Fish & Richardson PC <i>R David Hosp, Sheryl Koval Garko and Mark Puzella</i>	161
		Contributor directory	168



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Legislative framework and causes of action

Trademark law, rules and regulations

Trademarks in India are governed by the Trademarks Act 1999, which supersedes the Trade and Merchandise Marks Act 1958. The Trademarks Rules 2002 supplement the Trademarks Act.

India is a member of the Madrid Agreement Concerning the International Registration of Trademarks.

Infringement and passing-off remedies

Trademark owners have two causes of action available against wrongful use of their marks by other traders: infringement and passing off. The right to sue for infringement arises from the violation of the statutory right conferred by a trademark registration to use a trademark exclusively. The right to sue for passing off arises from deceit involving use of a trademark or get-up that is likely to cause confusion/deception leading to the passing off of goods of one for those of another. The Supreme Court in *Durga Dutt v National Pharmaceutical Laboratories*,

AIR 1965 SC 980, aptly highlighted the difference between infringement and passing off as follows:

While an action for passing off is a Common Law remedy being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trademark for the vindication of 'the exclusive right to use of the trademark in relation to those goods', if the essential features of the trademark of the plaintiff have been adopted by the defendant, the fact that the get-up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial, whereas in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff.



Any party that feels that its opponent has no real prospect of succeeding in or defending a claim and that recording evidence would be superfluous may apply for a summary judgment

Infringement: In order to file for trademark infringement, the plaintiff must hold a trademark registration.

Section 28(1) of the Trademarks Act states:

Subject to the other provisions of this Act, the registration of a trademark shall, if valid, give to the registered proprietor of the trademark the exclusive right to use of the trademark in relation to the goods or services in respect of which the trademark is registered and to obtain relief in respect of infringement of the trademark in the manner provided by this Act.

Section 29 adds:

A registered trademark 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 is identical with, or deceptively similar to, the trademark in relation to goods or services in respect of which the trademark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trademark.

Section 29(9) clarifies that where the distinctive elements of a registered trademark consist of words, the trademark may be infringed by use of these words orally or in writing.

Passing off: Passing off is a common law remedy available to the proprietor of an unregistered trademark that can show that its trademark, on account of prior, extensive and continuous commercial use, has acquired tremendous goodwill and reputation in the trade, and use of a deceptively similar mark amounts to misrepresentation to the

public, causing injury and damage not only to the proprietor, but also to the goodwill and reputation of the trademark. The trinity of fundamental elements of passing off (reputation, misrepresentation and damage to goodwill) were established by the UK House of Lords in *Reckitt & Coleman Ltd v Borden Inc*, [1990] 1 All ER 873. In *Patel v Shah*, AIR 2002 SC 275, the Indian Supreme Court held that the plaintiff need not show actual damage: mere likelihood of damage is sufficient to succeed in a passing-off action.

Alternative dispute resolution

Under Section 89 of the Code of Civil Procedure 1908, the court may refer a dispute to arbitration, conciliation or mediation where it appears to the court that there exist elements of a settlement which may be acceptable to the parties.

In practice, many infringement and passing-off actions are indeed referred to mediation, and many such proceedings result in a settlement between the parties.

Litigation venue and formats

Court system and litigation venues

Hierarchy of courts: In India, courts follow a strict pyramidal structure. At the bottom are subordinate civil courts and courts of small causes, which are below the district courts. The district courts are subordinate to the high courts (one per state). At the top is the Supreme Court, whose decisions are binding on all high courts and subordinate courts.

Jurisdiction: According to Section 134 of the Trademarks Act, subordinate courts – which have jurisdiction over other commercial

matters – do not have jurisdiction over cases of infringement or passing off. Hence, only district courts and high courts exercising ordinary original civil jurisdiction can decide on such matters.

In addition, the territorial jurisdiction of a court is determined on the basis of where the infringement took place or where the parties are based. Thus, Section 20 of the Code of Civil Procedure provides that civil suits are to be heard where the defendant carries on business or where the cause of action arises, wholly or in part. However, Section 134(2) of the Trademarks Act allows the rights holder to sue instead at a place where it carries on business. This freedom has now been restricted (see below).

Forum shopping

The Supreme Court recently dealt with, and put an end to, the controversy surrounding the extent to which a plaintiff can avail of the additional forum provided under Section 134(2). In *Indian Performing Rights Society v Dalia* 2015 (63) PTC 1 (SC), the court held that if the infringement has occurred at a place where the rights holder carries on business, the rights holder will be deemed to be carrying on business only at such place for the purpose of territorial jurisdiction under Section 134(2), notwithstanding the fact that the rights holder may be carrying on business at other places.

Establishment of commercial courts

In 2015 the Indian legislature passed a new act, which came into effect in January 2016, with the objective of streamlining and expediting commercial lawsuits, including IP disputes. Under the act, commercial courts are established at the district level and commercial divisions are established within high courts with ordinary original civil jurisdiction. The commercial appellate division of the relevant high court will be competent to hear appeals of decisions of commercial courts and commercial divisions. The act applies only to “commercial disputes of specified value” – that is, lawsuits relating to commercial matters whose value exceeds Rs10 million (approximately \$150,000). Where the value is below Rs10 million, the suit is to

be instituted before the competent district court or the high court that has jurisdiction over such matter.

The act has also introduced summary judgments for commercial disputes. Any party that feels that its opponent has no real prospect of succeeding in or defending a claim and that recording evidence would be superfluous may apply for a summary judgment. This procedure is meant to ensure speedier disposal of suits, since they can be shorn of stereotypical and hopeless claims or defences.

The act also provides for case management hearings during which the court shall set timelines for further proceedings. The endeavour shall be to hear and conclude oral arguments within six months of the time when the parties have finished reviewing all the documents.

Remedies

The following remedies are available under Section 135 of the Trademarks Act:

- a permanent injunction restraining infringement/passing off;
- damages/rendition of accounts;
- delivery up of labels/marks for destruction or erasure; and
- costs.

Injunctive relief

A court may grant an injunction as a final relief, as well as temporary relief pending disposal of the suit. Trials typically last several years in India. Thus, motions for temporary injunctions tend to be hotly contested. The factors that the court will consider while deciding an interim injunction application are:

- whether the plaintiff has made out a *prima facie* case;
- in whose favour the balance of convenience lies; and
- whether the plaintiff will suffer irreparable harm if a temporary injunction is not granted.

Damages and rendition of accounts

Plaintiffs can claim damages or rendition of accounts – not both. This follows the decision of the Delhi High Court in *Titan Industries v*

Jain, 2006 (32) PTC 95 Del, in which the court held that where damages and rendition of accounts are claimed together, the plaintiff must elect one single relief during the course of trial.

More recently, the same court in *Cartier International v Bhatia*, 2016 (65) PTC 168 (Del), awarded damages in the unprecedented amount of Rs10 million to the plaintiff in an *ex parte* suit against the defendants, who had sold online counterfeit watches of luxury brands. But where the plaintiff provides scant evidence of any damage suffered, the court will award minimal damages (see *Prestige Housewares v Gupta*, 2007 (34) PTC 335 (Del)).

Under Section 135(3) of the Trademarks Act, a defendant in an infringement suit is exempt from rendering accounts or paying damages if it satisfies the court that it was unaware and had no reasonable grounds to believe that the plaintiff's trademark was registered. Such exemption also exists in an action for passing off, if the court is satisfied that the defendant was unaware of and had no reasonable grounds to believe that the plaintiff's mark was in use, and that when it became aware of the existence and nature of the plaintiff's mark, it stopped the use complained of.

Delivery up

Although Section 135(1) of the Trademarks Act talks about "delivery up of the infringing labels and marks for destruction or erasure" only, and not of infringing goods themselves, it is not uncommon for plaintiffs to apply for the delivery up of the infringing goods as well. This is because Section 135(1) is an inclusive, non-exhaustive provision.

Anton Piller orders

A rights holder can also apply for an Anton Piller order at the interim stage of a suit. Such orders ensure that infringing products are not released onto the market despite an injunction order having been served. Courts may issue Anton Piller orders in the following situations:

- The plaintiff has an extremely strong *prima facie* case;
- The actual or potential damage to the plaintiff is very serious;

- It is clear that the defendant possesses vital evidence; and
- There is a real possibility that the defendant might destroy or dispose of such material so as to defeat the ends of justice.

Evidencing the case

It is a matter for the courts to decide whether two competing marks are deceptively similar; this cannot be left to witnesses (see *Ciba Ltd v Ramalingam*, AIR 1958 Bom 56). The courts may consider witness statements, however, in assessing whether marks are confusingly similar.

Investigations and first steps

Before filing a lawsuit, it is essential for rights holders to gather all documents relevant to the case. These documents must be filed along with the complaint itself.

Once rights holders have become aware of third-party infringement, it is not uncommon for them to engage independent investigators to ascertain the nature and extent of the infringing activities.

Survey evidence

Survey evidence is not a popular method to prove confusion and deception. In fact, it is of little value unless the question asked and answers given are recorded, and those conducting the survey are subjected to cross-examination (see *PP Hamsa v Syed Agencies*, 1990 (2) KLJ 555).

Available defences

Invalid registration

Section 31 of the Trademarks Act states that the registration certificate is only *prima facie* proof of validity of the mark. Further, the rights conferred under Section 28(1) are contingent on the registration being valid. A defendant may thus plead invalidity of a registration in an infringement suit, coupled with filing a petition for cancellation of the registration before the Intellectual Property Appellate Board (IPAB), an independent statutory tribunal for adjudicating such petitions. If the court finds the plea of invalidity to be *prima facie* tenable, it will stay the suit to await the outcome of

the cancellation petition filed before IPAB. However, this will not preclude the court from ordering an interim injunction where appropriate. If IPAB cancels the trademark registration, the suit for infringement will not survive and the defendant will escape liability.

Use in accordance with honest practice

Section 30(1) of the Trademarks Act protects a defendant's use of the plaintiff's trademark where such use is for the purposes of

identifying the proprietor of the mark. For instance, a shopkeeper may display items or promotional material with a registered trademark, provided that this use identifies the proprietor with its goods or services. But a shopkeeper may not use that trademark to identify the goods or services of someone else (see *Kamath v Lime and Chilli Hospitality*, 2015 (62) PTC 23 (Bom)). Further, such use must not be such as to take unfair advantage of, or be detrimental to, the distinctive character or repute of the plaintiff's trademark.

Use to indicate kind or quality of goods

Section 30(2)(a) allows use of a mark in relation to goods or services to indicate the kind, quality, purpose, value and geographical origin of the goods or services, among other things. This "use of a mark" is not the same as "the use of a mark as a trademark". It is the use of a sign purely for descriptive purposes (see *Kamath*, referenced above).

Use in relation to spare parts and accessories

Section 30(2)(d) permits use of a trademark on accessories to or spare parts for goods or services to which the trademark applies if:

- such use is reasonably necessary in order to indicate that the goods or services are so adapted; and
- the purpose or effect of the use is not to indicate a connection in the course of trade between any person and the goods or services.

In *Hawkins v Murugan*, 2008 (36) PTC 290 (Del), the judge ruled that where the defendant used the words 'Suitable for Hawkins Cookers' in conjunction with its own brand MAYUR in relation to gaskets used for pressure cookers, there was no infringement of the plaintiff's trademark HAWKINS in view of Section 30(2)(d). This decision was overturned on appeal (2012 (50) PTC 389 (Del)), where the court held that the term 'reasonably necessary' meant that the defendant was not justified in using the trademark of the plaintiff when the gaskets could be used in relation to pressure cookers of other manufacturers as well.



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Hemant Singh is an IP counsel, managing partner and founding member of IP law firm Intl Advocare, which under his leadership won the Novartis Best Trademark Counsel – Global Award 2014. His worldwide clientele includes several Fortune 100 and Fortune 500 companies. He represented the International Trademark Association (INTA) in its first-ever amicus brief before the Indian Supreme Court. He has extensive litigation experience.

Mr Singh is a member of INTA's International Amicus Committee and of the Emerging IP Committee of the Asian Patent Attorneys Association; he is also vice president of the India group of the International Association for the Protection of Intellectual Property and chairman of the National Council on Intellectual Property of the Associated Chambers of Commerce of India.

Exhaustion of rights

Section 30(3) provides that a registered proprietor's rights are exhausted once the proprietor puts the goods on the market. The interpretation of the term 'market' has been the subject of great controversy. Whether the sale of genuine imported goods in India would amount to infringement is pending before the Supreme Court. The Appellate Bench of the Delhi High Court, in *Kapil Wadhwa v Samsung*, 2013 (53) PTC 112 (Del) (DB), had reversed the single judge's finding and held that India follows the principle of international exhaustion, which implies that the sale of goods anywhere in the world exhausts the rights of the trademark owner.

Prior user

Section 34 protects a prior user's right against the registration of an identical or deceptively similar trademark by a subsequent user.

In *Neon Laboratories v Medical Technologies*, 2015 (64) PTC 225 (SC), the Supreme Court upheld an injunction in favour of the prior user of an unregistered mark against a party which held a prior registration, but whose use was subsequent.

Good-faith use of name

Section 35 precludes a registered proprietor from preventing others from doing business in their own name in good faith. In *Precious Jewels v Varun Gems*, 2015 (1) SCC 160, the Supreme Court vacated an injunction order issued in favour of the plaintiff against using the trademark RAKYAN for jewellery, when

both parties belonged to the same family and shared the surname Rakyán.

Appeals process

An appeal from an order or judgment of a district court goes before the relevant state's high court. An appeal from an order of a single judge of a high court exercising ordinary original civil jurisdiction goes before the division bench of the high court. As per Section 104 of the Code of Civil Procedure, it is not normally possible to appeal further. However, under Article 136 of the Constitution of India, the Supreme Court has authority and discretion to grant leave to hear an appeal from any judgment, decree, determination, sentence or order in any cause or matter passed or made by any court or tribunal in India. **WTR**

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