

# Trademark Litigation 2020



**India**

Inttl Advocare

*Hemant Singh and Mamta Rani Jha*

**WTR**<sup>™</sup>

**A Global Guide**

## INDIA

# inttl advocare

INTELLECTUAL PROPERTY CONSULTANTS & ATTORNEYS

**INTTL ADVOCARE** was established in 1991 by Hemant Singh, Managing and Founder Partner as well as a leading IPR lawyer based at New Delhi with branch office at Mumbai. Hemant Singh has handled over 2500 IP litigation cases on various subjects such as trademarks, copyrights, industrial designs, patents etc. The firm has been involved in several landmark judgments delivered by Indian Courts in the field of IP. The firm's team comprises 45 professionals and 40 technical/paralegal/secretarial staff providing effective IPR prosecution and enforcement for their clients in India.

INTTL ADVOCARE has multi-jurisdictional practice in India, handling IP litigation and prosecution on all India basis and is one of the few IP law firms in India having significant expertise and experience in IP prosecution, enforcement, custom complaints as a part of broad spectrum of professional services in the fields of trade marks, copyright, industrial designs, patents, domain names and cyber squatting, geographical indications, traditional knowledge, unfair trade practices, unfair competition, consumer protection laws, right of privacy and publicity, corporate laws, commercial documentation, foreign collaborations, transfer of technology agreement and franchising, strategizing IP protection, trade secrets, know-how and breach of confidence, technical collaboration etc.

INTTL ADVOCARE has had the privilege of representing some of the biggest and leading brands in the industry including but not limited to Foods and Beverages, Liquor, Garments, Cosmetics, FMCG, Fashion Accessories, Computer Software, Telecommunication, Media, Electronics, Telemarketing Industry, Pharmaceuticals, Automobiles, Biotechnology etc.

### **Head Office**

Express Trade Towers 2  
B-36, Sector-132  
Noida Expressway, Noida 201 303  
India  
Ph: +91-120-2470200 – 298  
Fax +91-120-2470299  
[hemant@inttladvocare.com](mailto:hemant@inttladvocare.com)

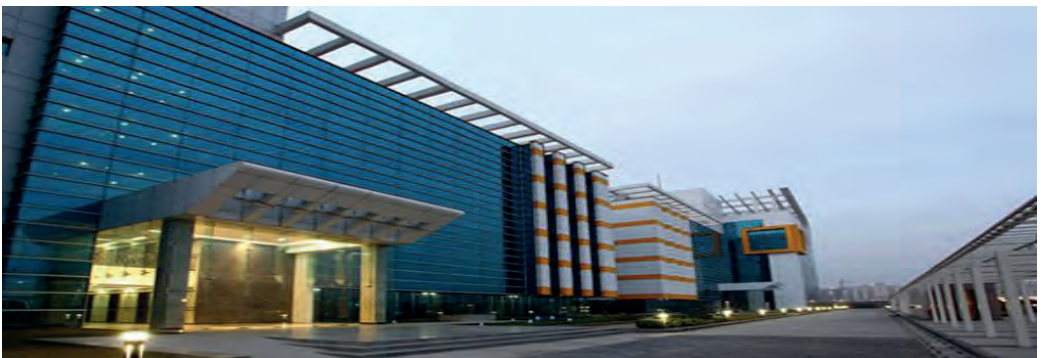
### **Delhi Office**

F-252 Western Avenue  
Sainik Farms  
New Delhi 110 062  
India  
Ph: +91-11--41421609  
[ipcare@inttladvocare.com](mailto:ipcare@inttladvocare.com)

### **Mumbai Office**

803, 8<sup>th</sup> Floor, "Arcadia" 195  
Nariman Point  
Mumbai 400 021  
India  
Ph: +91-22-61239000  
Fax: +91-22-61239090  
[mohan@inttladvocare.com](mailto:mohan@inttladvocare.com)

[www.inttladvocare.com](http://www.inttladvocare.com)





Authors

**Hemant Singh** and **Mamta Rani Jha**

### **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 2017 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 violation of the statutory right conferred by trademark registration. There can be no action for infringement of an unregistered trademark. 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. The Supreme Court in *Durga Dutt v Navaratna 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'... The use by the defendant of the trademark of the plaintiff is not essential in an action for passing off, but is the sine qua non in the case of an action for infringement... 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.*



## The court may refer a dispute to arbitration, conciliation or mediation where it appears that there exist elements of a settlement which may be acceptable to the parties

**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(1) 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 owner of an unregistered trademark that can show that its trademark, on account of prior, extensive and continuous commercial use, has acquired goodwill and reputation in the trade, and use of a deceptively similar mark would result in misrepresentation to the public, causing injury and damage not only to the owner, 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 is sufficient to entitle the plaintiff to relief.

### 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 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 settlements.

### 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 district courts. The district courts are subordinate to high courts (one per state). At the top is the Supreme Court, whose decisions are binding on all subordinate courts. Normally, high courts do not have first instance/original jurisdiction, except the high courts of Bombay, Calcutta, Delhi and Madras.

**Jurisdiction:** According to Section 134(1) of the Trademarks Act, only district courts and high courts exercising ordinary original civil jurisdiction can hear infringement or passing off cases.

In addition, Section 20 of the Code of Civil Procedure provides that civil suits (including intellectual property) 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 a rights holder to sue instead at a place where it carries on business. This freedom has now been restricted.

### Forum shopping

In *Indian Performing Rights Society v Dalia* (2015 (63) PTC 1 (SC)) the Supreme Court held that if 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 determining territorial jurisdiction under Section 134(2), notwithstanding the fact that the rights holder may be carrying on business at other places.

In *PK Sen v Exxon* (2017 (69) PTC 271) the Delhi High Court ruled that in a suit for trademark infringement, a foreign brand owner can file suit in the location in which its Indian licensee is carrying on business only if the licence agreement is recorded with the registrar of trademarks.

### Establishment of commercial courts

In 2015 the Indian legislature passed a new act – the Commercial Courts Act – which came into effect in January 2016, with the objective of streamlining and expediting commercial lawsuits, including IP disputes. 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”. Initially, the act applied to lawsuits relating to commercial matters whose value exceeded Rs10 million (approximately \$140,000). However, an amendment was effected in August 2018, whereby the stipulated value was reduced to Rs300,000 (approximately \$4,200). Where the value is below Rs300,000, the suit is to be instituted before the competent subordinate court or district court that has jurisdiction over such matters.

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 will set timelines for further proceedings. The endeavour will be to hear and conclude oral arguments within six months of the time when the parties have finished reviewing all the documents.

### Damages and remedies

#### Remedies

Under Section 135 of the Trademarks Act, remedies include:

- 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. In *Titan Industries v Jain* (2006 (32) PTC 95 Del), the Delhi High 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 unprecedented damages of Rs10 million to the plaintiff in an *ex parte* suit against defendants selling counterfeit watches of luxury



## Where the plaintiff provides scant evidence of any damage suffered, the court will award minimal damages

brands online. 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 such 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 defeating ends of justice.

### Evidencing the case

It is 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 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 *Hamsa v Syed Agencies*, 1990 (2) KLJ 555). Nevertheless, in *Ayushakti v Hindustan Lever* (2004 (28) PTC 59), the Bombay High Court observed that a market survey may be useful to determine confusion and deception, particularly for deciding interim injunctions. However, the following guidelines should be adhered to:

- The interviewees must be selected to ensure representation of cross-section of relevant public;
- The survey must be large enough to be statistically relevant;
- All surveys conducted must be fully disclosed to ensure a fair representation of the totality of the results obtained;
- All answers given must be disclosed to provide the opposing party the opportunity of verifying that the responses have been correctly assessed and coded; and

- The questions must not lead or cause the respondent to speculate.

### 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, apart from filing a separate 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 trial of the suit to await the outcome of the cancellation petition filed before the IPAB. However, this will not preclude the court from ordering an interim injunction where appropriate. If the IPAB cancels the trademark registration, the suit for infringement will not survive and the defendant will escape liability.



**Hemant Singh**  
Managing partner  
hemant@inttladvocare.com

Hemant Singh is a renowned litigator and founder and managing partner of Intl Advocare, one of India's leading IP law firms. He has handled more than 2,500 IP cases across India for a diverse worldwide clientele. He was INTA's counsel in their first ever amicus brief before the Indian Supreme Court in a case involving parallel imports.

Mr Singh is the president the AIPPI's India Group and was on INTA's board of directors from 2016 to 2018. He is chair of the INTA Anti-counterfeiting Committee South-Asia Sub-committee; co-chair of the INTA India Global Advisory Council; an APAA council member; a member of MARQUES; and a member of the IP Rights Committee of the Federation of Indian Chambers of Commerce and Industry.



**Mamta Rani Jha**  
Senior partner  
mamta@inttladvocare.com

With more than 20 years' litigation experience, Mamta Rani Jha heads the litigation and opposition practice at Intl Advocare. Her expertise lies in advising and strategising effective IP enforcement apart from IT, telecoms, media, data privacy and antitrust law.

She represents leading global pharmaceutical companies in patent litigation, apart from successfully handling contentious trademark, design and copyright litigation for global giants across various sectors.

She is a member of the APAA's Anti-Counterfeiting Committee (India Group); INTA Enforcement Committee; the AIPPI Study Committee on Pharma and Biotechnology; and Lead for the India Study Group on IP Damages for Acts Other than Sales. She recently authored the India chapter in the Wolters Kluwer – AIPPI Law Series Book on *Antibody Patenting* and regularly speaks at global fora.



## The ‘exhaustion defence’ is not available if legitimate reasons exist for the owner to oppose further dealings in the goods

### 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 owner of the mark. For instance, a shopkeeper may display items or promotional material with a registered trademark, provided that this use identifies the owner with its goods or services. However a shopkeeper may not use that trademark to identify the goods or services of someone else (see *Kamath v Lime and Chill Hospitality*, 2015 (62) PTC 23 (Bom)). Further, the 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*).

### 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 of the trademark is reasonably necessary in order to indicate that the goods or services are so adapted; and
- the purpose or effect of such 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 plaintiff’s trademark as the gaskets could also be used in relation to pressure cookers of other manufacturers.

### Exhaustion of rights

Section 30(3) provides that a registered owner’s rights are exhausted once the owner 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. However, the ‘exhaustion defence’ is not available if legitimate reasons exist for the owner to oppose further dealings in the goods (eg, a change or impairment in the condition of the goods after they have been put on the market (see Section 30(4))).

### 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 owner 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 Rakyana.

**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**

**inttl advocare**  
INTELLECTUAL PROPERTY CONSULTANTS & ATTORNEYS

**Inttl Advocare**

Express Trade Tower  
B-36, First Floor, Sector 132  
Noida Expressway  
Noida 201303  
India  
**Tel** +91 120 247 0200  
**Fax** +91 120 247 0299  
**Web** [www.inttladvocare.com](http://www.inttladvocare.com)