

ON ISSUE OF INVALIDITY OF**REGISTERED TRADE MARK AT INTERLOCUTORY STAGE**

The Division Bench of Delhi High Court has cleared the cloud over the core issue mostly arising in all infringement actions as to whether the court can go into the issue of validity/invalidity of a registered trade mark at interlocutory stage.

Traditionally, the courts had declined to examine the issue of invalidity raised by a defendant in an infringement action on the ground that it is the exclusive domain of Intellectual Property Appellate Board, a Tribunal constituted under The Trade Marks Act, 1999 of India. Accordingly, the courts stayed away from going into the plea of invalidity even at interlocutory stage and assumed the registration to be valid for the purposes of examining the plea of preliminary injunction arising from infringement.

Recently, the Single Judge of Delhi High Court in “Lowenbrau Vs. Jagpin Breweries” and “Clinique laboratories Vs Gufic Ltd.” has expressed opinion that the provisions of The Trade Marks Act, 1999 (hereinafter referred to as “the Act”) do permit and rather necessitates the courts to examine the prima facie issue of invalidity. The Division Bench judgment in “Marico Ltd. Vs. Agro Tech Foods Ltd.” has now given its seal of approval to the said view by examining the said issue in great deal and depth.

FACTS:

The background of the case comprises of Marico, the claimant claiming to be the registered proprietor of trade marks “LOSORB” and “LO-SORB” for edible oils. These registered trade marks were used by Marico alongwith primary brands namely “SWEEKAR” and “SAFFOLA”.

Agro Tech, the defendant also was engaged in the business of selling edible oil under its trade mark “SUNDROP”. In addition, Agro Tech was using “WITH LOW ABSORB TECHNOLOGY” as sub-brand. For purposes of infringement action as well as passing off, Marico argued that the sub-brand used by Agro Tech is similar to the registered trade mark “LOSORB” and “LO-SORB” of Marico and therefore it amounts to infringement justifying preliminary injunction.

The defense taken by Agro Tech was two fold. Firstly, the registered trade mark LOSORB and LO-SORB are descriptive marks which describe the characteristic of the edible oil and if so their registration is prohibited under Section 9(1)(b) of the Act. It further contended that the right to exclusive use and infringement action contemplated under Section 28 of the Act is only available if

the registration is valid. It additionally contended that notwithstanding the issue of invalidity, Agro Tech has a right to use the impugned sub-brand under Section 30(2)(a) which permits use of registered trade mark to describe character and quality of the product.

For ease of reference to the readers, the two packagings are reproduced as under:




FINDINGS:

While upholding the decision of Single Judge declining interlocutory injunction, the Division Bench dismissed the appeal holding that:

- (a) LOSORB is not an unusual syntax or juxtaposition of two English words and hence cannot be considered distinctive. Both parties were using the competing trade marks in relation to edible oils which contain an ingredient/anti-foaming agent which retards the absorption of oil during the process of frying food stuff.
- (b) LO-SORB is a descriptive expression/adjective and not a coined word. At best, it is a combination of two popular English words which are descriptive in nature. LO-SORB is used by Agro Tech in a functional sense and normally/ordinarily such expression is incapable of being distinctive.
- (c) If a descriptive word or expression is not proprietable then a tweaked word or expression derived by minor modification of a descriptive word or expression will continue to be treated as descriptive. Further, such registration cannot be used to prevent use of non-tweaked descriptive word by members of trade on the ground that it is similar to tweaked descriptive word which is registered.



- (d) It is high time that those persons who are first of the blocks in using the trade mark which is purely a descriptive expression pertaining to the subject product ought to be discouraged from appropriating such descriptive expression or an expression which is more or less a descriptive expression. This is in accordance with the spirit of Section 9 which disentitles exclusive ownership of descriptive expressions.
- (e) Merely because the proprietor is first person of the blocks in adopting a descriptive trade mark and files a legal action to prevent others, it does not establish that it has acquired distinctiveness if there is evidence of use of such descriptive trade mark by others in the trade before the end of long period essential for establishing the distinctiveness of the proprietor's mark.
- (f) Distinctiveness means such use of the mark with respect to the goods that the public will immediately and unmistakably co-relate the mark with the source or a particular manufacturer/owner thereof.
- (g) Courts should ordinarily lean against holding distinctiveness of a descriptive trade mark unless the user of such trade mark over a long period of time of many years is established.
- (h) Though each case will turn on its own facts and in some cases, the facts may be wholly clear even at interim stage that the mark has acquired distinctiveness, in majority of decisions, the distinctiveness can only be established after evidence is led by the parties.
- (i) The assumption of validity of a registered trade mark vide Section 31(1) of the Act is mere "prima facie" and not "conclusive" and it is only when a cancellation proceeding achieves finality upholding the distinctiveness that it can be held that the mark has acquired distinctive character or a secondary meaning. Till such cancellation proceedings are finally dismissed, it cannot be said that the validity of registration has been finally decided.

- 
- (j) The provision of sub-section 124(5) requires that despite the plea of invalidity raised, the civil court is not precluded from passing any interlocutory order including an order of interim injunction while staying the trial of the suit awaiting the decision in rectification/cancellation proceedings. However, for deciding the prayer for interlocutory injunction under Section 124(5), the civil court is required to examine the issue of prima facie validity of registration of the trade mark. Therefore, the learned Single Judge was entitled to examine the issue of prima facie invalidity. The said examination was essentially to determine the grant or refusal of interlocutory injunction.
- (k) For purposes of obtaining trade mark registration in a descriptive trade mark, the distinctiveness must be established as on date of application for registration. However, for purposes of interlocutory injunction and plea of prima facie validity under Section-31, the distinctiveness can be established as on date of registration. However, evidence of acquired distinctiveness subsequent to the date of grant of registration can only be looked into in cancellation proceedings and not by the civil court in infringement proceedings.
- (l) The evidence produced by Marico in the present case establishes sale of branded goods from 2001 to 2009 when the suit was instituted. Its trade mark application was filed on 28.05.2001 and was granted registration in 2005. For purposes of infringement and forming prima facie view on validity, the court can only look into the evidence of acquired distinctiveness up to 2005 when the mark was registered, and not thereafter. Even if the evidence of 2001-2009 is examined, it is difficult to hold prima facie that the mark has acquired distinctiveness as on date of institution of suit for purposes of passing off. The sale figures and the promotional figures are provided by Marico but it should not be forgotten that they also pertain to the primary brand SWEEKAR and SAFFOLA. Marico, therefore, will have to lead evidence to establish as to what is the extent of such sale relating to LOSORB and not because of the primary brands SWEEKAR and SAFFOLA. Hence, at the interlocutory stage, such evidence is not sufficient to accept the claim of acquired distinctiveness in descriptive marks LOSORB and LO-SORB.



STATUTORY RIGHT OF USE

- NON-INFRINGEMENT-

- (m) Even if the registration is assumed to be valid, it does not entitle Marico to injunct use of words/expression by the trade which are similar to registered trade mark when used in descriptive manner. Once, a defendant is using its own trade mark prominently, in addition to the impugned descriptive word mark, nothing further is required to show that the use of descriptive expression by defendant is bonafide and if so no infringement action is maintainable.

With the above observation, the Division Bench dismissed the appeal and rejected the prayer for interlocutory injunction.

The above judgment is the first of its kind pronounced by a Division Bench of any High Court in India laying down the proposition as enumerated above, interpreting the provisions of Section 9(1), Section 28, Section 29, Section 30(2) (a), Section 31, Section 32, Section 35 and Section 124 in the context of grant or refusal of interlocutory injunction in infringement action.

The judgment is also in line with the view expressed by the Division Bench of Delhi High Court and upheld by Supreme Court in N. R. Dongre Vs. Whirlpool case which had held that the right of exclusive use is conferred by registration only if, the registration is valid as appearing in Section 28. For the ready reference of the readers, Section 28 is reproduced as under:

28. Rights conferred by registration.-

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



Though the 'Whirlpool' case had referred to the issue of validity as a condition precedent for a valid title, it had not dealt with its effect in an infringement action based on such registration. Whirlpool was a passing off action where the registration was irrelevant.

The judgment is significant for the industry and all the IP right holders who invariably feel tempted to adopt descriptive trade marks to derive marketing benefit and make huge investment in promoting it as a brand. It has been a general perception amongst the right holders that once the registration of such brand has been obtained, there is an absolute monopolistic right that the IP right holders acquire. The judgment should be examined by the members of the industry to introspect whether it is worthwhile to adopt and invest in descriptive marks if the imitations thereof may not be preventable in court of law.

For query, contact us at:
ipcare@inttladvocare.com

Head Office

D - 22 Panchsheel Enclave
New Delhi - 110 017
India
Ph: +91 11 26498062/63/64
+91 11 46190400

Branch Office

F - 252
Western Avenue, Sainik Farms
New Delhi - 110 062
India
Ph: +91 11 29552836, +91 11 29552930



www.inttladvocare.com

© INTTL ADVOCARE 2010

