

UPSHOT OF FAME: TRANSBORDER REPUTATION IN INDIA



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What's in a name? For those answering 'not a lot', think again. Global media behemoth, the *Financial Times* of United Kingdom is currently engaged in a nearly two decade long legal battle with leading local player Times Publishing House to secure for itself the exclusive usage of the marks 'Financial Times' and 'FT' in India. Central to their argument is that they enjoy a transborder reputation in respect of the disputed marks. That is, irrespective of modest circulation figures in India or its clientele being restricted to a niche demographic, the worldwide reputation of the company is such that the disputed marks recall to the reader's mind the British

business publication and lead to an inference that the domestic supplement using similar marks is connected in some capacity with the foreign company. In this age of e-commerce, where physical boundaries between countries have become virtually redundant, brand recognition is considered the foundation for any successful business and probably its most valuable asset. Brands no longer serve just the basic function of guaranteeing the origin of a product or service but now also hold the aura of attraction because of the reputation they command. Needless to say, protection of a brand from being misappropriated, therefore, becomes highly imperative in this era of cut-throat competition.

PASSING THE PASSING OFF TEST

Trademark law is essentially territorial in nature—protection of marks extends only within the confines of a particular jurisdiction. Where such mark is unregistered, remedy for its unauthorized exploitation could lie under the common law action of passing-off. Though foreign brand owners are somewhat shielded in territories in which they have obtained trademark registrations, they often have to struggle to enforce their rightful claims in countries where their marks are not registered. In such cases, not only do they have to fight against counterfeits but sometimes

also prove ownership over their own brand. On many occasions it comes as a shock for famous business houses to learn that they are foreclosed from chartering into a new territory as their brands have been completely misappropriated and owned by third parties who have no connection with the brand whatsoever. In such cases, in order to combat misuse of their trademarks, foreign entities have to rely on their brand goodwill and prove, under an action of passing-off, that their mark's reputation has spilled over in the territory of dispute. Broadly, an action of passing-off aims to restrict a party from misrepresenting its goods or services as that of another party in order to take advantage of the latter's reputation. One of the essential ingredients for a successful passing-

burden of establishing goodwill. With the advent of globalization, in particular its facets of increased international trade and spill-over effects of telecommunications and media across national borders, the Indian judiciary has recognized that the influence of companies ought not to be confined to the physical space in which they operate. To this end, a more liberal approach has now been adopted, in which foreign claimants can prove goodwill of their marks in India and sustain an action for passing-off by demonstrating reputation through widespread transmission of information and undertaking marketing activity via foreign television programmes and print media available to the local citizenry. Such reputation could also be demonstrated by adducing evidence showing

ant's reputation or goodwill acquired in the said mark for quality blades sold elsewhere in the world.

Explaining the necessity of this doctrine, the Delhi High Court in *Apple Computer Inc. v. Apple Leasing and Industries* (1991) said that it was necessitated by the need to protect consumers from deception, irrespective of whether such deception was carried out deliberately or not, from confusion attributable to the tribe of Johnny-come-lately's cashing in on the credibility of the established foreign brand. While acknowledging the foreign claimant's reputation in the mark, Apple in relation to computers and laying emphasis on the reputation gained by the claimant through advertisement and publicity, the Court stressed that

Among other remedies available to the complainant, the doctrine of transborder reputation is invoked when unscrupulous traders attempt to profit from the unauthorised use of foreign vulnerable marks having widespread recognition but no actual sales or market presence in a particular jurisdiction

off action is that the foreign claimant must establish reputation in the marks under which it is selling its goods or offering services such that the consuming public associates those marks distinctly with its goods or services.

Proving the existence of goodwill—intrinsically connected with the existence of, and continued engagement in, some sort of trading activity within local limits—is a particularly troublesome hurdle for multinational corporations in a country in which they do not have any operations. Unscrupulous traders could therefore profit from unauthorised use of foreign vulnerable marks having widespread reputation but no actual sales or market presence in that particular jurisdiction.

CURING ACHILLES HEEL—THE DOCTRINE OF TRANS-BORDER REPUTATION

To obviate the clearly undesirable scenario described above, the doctrine of transborder reputation is invoked to aid the complainant in discharging the

knowledge of Indian residents, gained when travelling abroad, about foreign products and their associated marks.

ONE GIANT LEAP

While the doctrine of transborder reputation has its origins in common law, its present position in Indian jurisprudence is largely a judicial creature, being dynamically moulded to suit modern commercial expediency such as protection of the household name Mercedes Benz from wrongful use on undergarments by an Indian manufacturer in *Daimler Benz Aktiegesellschaft v. Hybo Hindustan* (1994). One of the earliest instances of its practical application was the decision of the Bombay High Court in *Kamal Trading Company v. Gillette UK Limited* (1988) where the court decided in favour of the foreign claimant and held that goodwill or reputation of marks is independent of availability of the associated goods within the local limits and therefore the non-availability of blades under the "7 O'CLOCK" mark in India would not destroy the foreign claim-

with the progress in modern mass communication, public knowledge of a product quite often precedes its actual availability within local bounds, therefore meriting special protection in the eyes of law.

THE ESSENTIAL TRINITY—WHIRLPOOL, MILMET & BLENDERS PRIDE

The acceptability of transborder reputation was cemented in a chain of three landmark decisions, the first being *N.R. Dongre v. Whirlpool Corporation* (1996), which saw a multinational corporation successfully sue a registered Indian trademark holder for use of the mark "WHIRLPOOL" for washing machines. Upholding prior observations made by various benches of the High Court, the Supreme Court held that widespread circulation of promotional material, independent of sales or even availability of the product, could suffice as use of the foreign claimant's mark in the domestic market, enabling a finding of goodwill in its favour. Additionally welcome was

its guidance on the requisite threshold of knowledge to establish reputation, stating it was unnecessary for every person in the limits of the market to be aware of such product or its associated mark.

Going one step further, in *Milmet Oftho Industries v. Allergan Inc.* (2004), wherein the mark 'OCUFLOX' in respect of an eye care product was in dispute between two pharmaceutical companies; the apex court, while deciding in favour of the foreign claimant, held that in sectors such as pharmaceuticals, characterised by near perfect dissemination of information and widespread advertisement of products across borders, reputation must be considered to accrue at a global scale. The alternative would lead to an incongruous situation, where the original product would be sold all over the world under one name and be forced to adopt another in a territory where it was second to a generic manufacturer. To prevent such an anomaly, usage of the mark must be reserved for the first entrant in the market at a global and not local basis.

Reiterating the stand taken in *Milmet*, the Delhi High Court laid down the 'first past the post' test for dealing with trademark issues relating to transborder reputation. In *Austin Nichols and Co. v. Arvind Behl* (or the *Blenders Pride* case, 2005), the court, while upholding the foreign claimant's rights in the mark "Blenders Pride" in relation to alcoholic beverages, held that although actual commercial operations may not have commenced, active promotion of the brand would constitute use of mark, even if such marketing predates actual existence of the promoted article in the market. Further, usage of mark in the local market was a secondary consideration and the court would look at which party was the first in time to use the mark in any market in the world.

CARVE OUTS AND EXCEPTIONS

The doctrine of transborder reputation is not limitless and courts have over the years enunciated a comprehensive set of guidelines circumscribing its bounds. In *Milmet*, the bench cautioned against the practice of throt-

ling of marks such that transborder reputation could not be cited by those who had no intention of entering the local market in the near future. A natural corollary is that transborder reputation is not an independent ground for protection of trademark unless accompanied hand in hand with evidence of use of trademark in the territory where such relief is being sought. Demonstration of this use is a question of fact and would vary with the circumstances of the matter in hand. For instance, the presence of advertisements in foreign language magazines (Spanish and French) without any proof of circulation in India was regarded by the Delhi High Court, in *Roca Sanitario SA v Naresh Kumar Gupta* (2009), as being unlikely to be accessible to probable consumers of the product. Consequently, the requirement of usage failed to be discharged.

Yet another ground acknowledged by various common law jurisdictions as an exception to the doctrine of transborder reputation is that of acquiescence.

If a foreign claimant has gained knowledge of misappropriation of its marks in India and has initiated communication with the domestic offender, e.g. through a cease and desist letter, the foreign claimant should within a reasonable amount of time, initiate court proceedings, if the offender refuses to budge. Delay sometimes can be fatal for the rightful claims of a foreign entity even in the most blatant cases of trademark violation. This can be inferred from the case of *Khoday Distilleries Ltd. v. Scotch Whisky Association* (2008), wherein the Scottish claimant failed in its passing-off action against the use of the mark 'PETER SCOT' in relation to Scotch Whisky despite the fact that the claimant had been previously successful in a number of similar cases before Indian courts. The Supreme Court denied relief to the claimant in this case as it was established that the claimant's passing-off action suffered with delay of twelve years and because of which it had acquiesced its trademark rights.

FAMOUS LAST WORDS

While the contribution of the judiciary in the adoption and enforcement

of the doctrine of transborder reputation has been sterling to say the least, the amendment of the Trademarks Act, 1999 and the incorporation of the concept of 'well-known marks' in consonance with international treaties such as the Paris Convention and the TRIPS Agreement is a welcome move.

Not only does this formalize the protection afforded under the aforementioned doctrine in a legal context; but, by empowering the Registrar of Trademarks to reject applications for registration of marks on the grounds of similarity with existing marks enjoying widespread recognition, it could stem the volume of litigation at a later point in time.

A further amendment in the Trademarks Act which could provide real teeth to the provisions for protection of well-known marks would be to introduce the concept of a separate register for popular foreign trademarks.

One of the essential factors for a mark to be considered well-known in India is its knowledge amongst the relevant section of public in India. Trademarks which may be well-known in multiple countries, may still struggle to find feet in India because of lack of knowledge amongst the relevant consumers in India. To this end, a separate register for popular foreign trademarks, maintained by all Trademark Offices in India, could prove to be highly effective. Foreign entities could then adduce evidence of the business activities associated with their marks abroad and proof of the well-known status of these marks in foreign jurisdictions and could then seek to have their famous marks enrolled on the said register.

This could possibly assist a foreign claimant seeking to protect transborder reputation in marks which have no exposure amongst Indian consumers, resulting in better protection of foreign trademarks in India.



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