

A temporary reprieve for ‘the complete man’?

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The recent order of the Division Bench of the High Court of Bombay in *Raymond Limited v. Raymond Pharmaceuticals Private Limited* was a blow below the belt to ‘the complete man’ of Raymond Limited because it made the distinctive and well-known mark RAYMOND that he represented, vulnerable to dilution and tarnishment. With the said order, the scope of the statutory protection provided to well-known marks under subsection (4) of section 29 of the Trade Marks Act, 1999 (‘the 1999 Act’ for brevity) was narrowed down to exclude situations of infringement of well-known marks when used as a trade name or corporate name in respect of dissimilar goods or services. It was rumoured that soon after the passing of the said order on July 13, 2010, several defendants had been relying on the findings of the Division Bench much to the distress of plaintiffs who own well-known marks. However, matters took a smoother turn on September 27, 2010 when the Supreme Court of India disposed of a Special Leave Petition filed by Raymond Limited when it directed the Single Judge to decide the suit without being influenced by the findings of the Division Bench and within a span of nine months from the date of communication of its order. While the Supreme Court declined to interfere with the order of the Division Bench, it is a temporary reprieve not only for Raymond Limited but also for owners of well-known marks who could have been adversely affected by the said order of the Division Bench.

Although the order of the Supreme Court is a silver lining to Raymond Limited, some of us believe that the Supreme Court should have settled the issues raised in the Special Leave Petition towards the larger interests of the protection of well-known marks in India.

One of the issues raised by the appellant, Raymond Limited, before the Supreme Court for consideration for the first time ever was, whether subsection (5) of Section 29 of the 1999 Act precludes a court from examining the claim of infringement of a registered trade mark having a reputation in India as described under subsection (4) thereof, wherein such infringement arises out of the unauthorized use of such trade mark as a trade name in respect of dissimilar goods or services. The relevant sections are quoted below:

Section 29 (4) -- A registered trade mark 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 –

(a) is identical with or similar to the registered trade mark;
and

(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and

(c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

Section 29 (5) – A registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern dealing in goods or services in respect of which the trade mark is registered.

It was indeed important for the Supreme Court to settle this issue especially in view of the limited application of subsection (5) of section 29 to identical marks and identical goods / services while deciding infringement. It could not have been the intention of the legislature to fit in under this subsection situations of infringement of trade marks having a reputation when adopted as trade names or corporate names for dissimilar goods especially so when there is a specific provision under subsection (4) to protect such marks.

In order to have a meaningful discussion of the same, it is essential to have a look at the brief facts of the case and the findings of the Single Judge and the Division Bench.

Sometime in September 2005, Raymond Limited, one of the biggest textile brand owners in India, became aware of the use of its well-known trade mark 'RAYMOND' by defendant, Raymond Pharmaceuticals Private Limited, as part of its corporate name. Since a cease and desist letter to the defendant demanding that it cease the use of the well-known mark 'RAYMOND' as part of its corporate name did not yield the desired results, a suit was filed before the Single Judge of the High Court of Bombay in 2006. The suit was based, *inter alia*, on the claim of the plaintiff that the use by the defendant of its registered trade mark RAYMOND in respect of pharmaceutical products amounts to infringement of the plaintiff's rights.

In February 2007, the Single Judge refused the interim injunction by holding, *inter alia*, that the use of the mark 'RAYMOND' by the defendant appeared quite appropriate for a company that manufactured medicinal products and that it was unimaginable as to how the defendant, by using the said mark for its corporate name, could *take unfair advantage of* [the third condition under subsection (4) of section 29] the plaintiff's mark which was used for entirely different products. It was further held that from the consumer's perspective, there could not be any association between the respective products as the two marks are available through different trade channels.

Needless to say, the aforesaid test of confusion and deception was a wrong test for determining the infringement of well-known marks as provided under section 29(4) of the 1999 Act. Aggrieved by the above, the plaintiff filed an appeal before the Division Bench of the High Court of Bombay.

The Division Bench proceeded on a completely erroneous trajectory when it considered the plaintiff's case under subsection (5) of Section 29 of the 1999 Act and held that the said subsection operated to preclude the applicability of subsection (4)

thereof in a situation when a defendant adopted a plaintiff's registered trademark as its trade name or corporate name. Having found so, the Division Bench felt that it was not even necessary to consider the plaintiff's case under subsection (4) including the aspect of the reputation of the plaintiff's mark in India, which is a very significant consideration under subsection (4). Further, the Division Bench has overlooked the legislative background to the enactment of sub sections (4) and (5) of Section 29 which were sought to address the different situations of protection of well-known marks and use of registered trade marks by third parties as corporate names respectively.

In this connection, it is interesting to look at the legislative intent underlying subsection (5) of section 29 of the 1999 Act as explained in the 'Notes on Clauses' as follows:

“Sub clause (5) seeks to prevent a person from adopting someone else's trade mark as part of that person's trade name or business name by explicitly providing that such action shall also constitute an infringement under this Act. This provision will bring this clause in harmony with the proposed amendments to sections 20 and 22 of the Companies Act, 1956.”

Interestingly, and as an aside, the amended Sections 20 and 22 of the Companies Act are much wider in ambit as they permit trade mark owners to seek rectification of company names which use identical or similar names irrespective of the identity or similarity of goods or businesses traded in by the offending company. The said amended sections are quoted below.

20. Companies not to be registered with undesirable names

(1) No company shall be registered by a name which, in the opinion of the Central Government, is undesirable.

(2) Without prejudice to the generality of the foregoing power, a name which is identical with, or too nearly resembles,-

.....

(ii) A registered trade mark, or a trade mark which is subject of an application for registration, of any other person under the Trade Marks Act, 1999,

may be deemed to be undesirable by the Central Government within the meaning of sub-section (1).

22. Rectification of name of company

(1) ¹[If, through inadvertence or otherwise, a company on its first registration or on its registration by a new name, is registered by a name which,-

.....

(ii) on an application by a registered proprietor of a trade mark, is in the opinion of the Central Government identical with, or too

nearly resembles, a registered trade mark of such proprietor under the Trade Marks Act, 1999, such company,

(a) May, by ordinary resolution and with the previous approval of the Central Government signified in writing, change its name or new name; and

(b) shall, if the Central Government so directs within twelve months of its first registration or registration by its new name, as the case may be, or within twelve months of the commencement of this Act, whichever is later, by ordinary resolution and with the previous approval of the Central Government signified in writing, change its name or new name within a period of three months from the date of the direction or such longer period as the Central Government may think fit to allow.

Hence, the avowed objects of bringing in harmony with the Companies Act 1956 are anyway far cry from the current effect and scope of subsection (5). Had there truly been harmony in the respective provisions of the 1999 Act and the Companies Act along the lines of the amended provisions in the Companies Act, perhaps the order of the Division Bench would not have been so anguishing for the owners of well-known marks.

The above findings of the Division Bench acted as a regressive step in the protection of well-known marks in India since in a situation where a registered well-known mark is adopted as a trade name or a corporate name by a defendant in respect of dissimilar goods, a plaintiff would not be able to rely on the wider protection offered under the specific subsection (4) of Section 29 that protects well-known marks against use on dissimilar goods. Instead, such a plaintiff would have to rely on the narrower protection offered under subsection (5) thereof. Since subsection (5) deals with infringement of an identical registered mark for identical goods only, the only remedy available to a plaintiff in such a situation would be a passing off action against the defendant. In effect, the findings of the Division Bench offered a much lesser protection to well-known marks than what was available even under the 1958 Act. At least under the 1958 Act, one could have resorted to defensive registration of a well-known mark, a provision that has since been done away with under the 1999 Act in view of the specific protection granted to well-known marks.

To illustrate the above point, the owner of a registered well-known trade mark such as 'Mercedes Benz' for luxury cars would not be able to assert its statutory rights under Section 29(4) against a defendant who has registered a company 'Mercedes Benz Pharmaceuticals Private Limited' for medicines. For, the reasoning of the Division Bench is that the remedy against such a defendant lies only under Section 29(5) as that is a specific provision dealing with use of trademarks as corporate names or trade names. However, since Section 29(5) deals only with infringement of an identical mark in respect of identical goods, the protection there-under would not extend to prevent use of the said mark in respect of pharmaceutical business. The only legal recourse left with the owner of the registered well-known mark 'Mercedes Benz'

would, therefore, be to file a passing off action thereby rendering the statutory protection granted under subsection (4) of section 29 superfluous.

The second issue that was raised before the Supreme Court was whether the reference in section 29(4) to a “registered trade mark” that “has a reputation in India” means “well-known trade mark” as defined under Section 2(1) (zg) of the Act, and meeting the parameters laid out in sections 11(6) and (7) of the Act? Sections 2(1)(zg), 11(6) and 11(7) are quoted below.

Section 2(zg) -- "well-known trade mark" in relation to any goods or service, means a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first mentioned goods or services.

Section 11(6) -- The Registrar shall, while determining whether a trade mark is a well-known trade mark, take into account any fact which he considers relevant for determining a trade mark as a well-known trade mark including –

- (i) the knowledge or recognition of that trade mark in the relevant section of the public including knowledge in India obtained as a result of promotion of the trade mark.*
- (ii) the duration, extent and geographical area of any use of that trade mark.*
- (iii) the duration, extent and geographical area of any promotion of the trade mark, including advertising or publicity and presentation, at fairs or exhibition of the goods or services to which the trade mark applies.*
- (iv) the duration and geographical area of any registration of or any publication for registration of that trade mark under this Act to the extent they reflect the use or recognition of the trade mark.*
- (v) the record of successful enforcement of the rights in that trade mark, in particular, the extent to which the trade mark has been recognised as a well-known trade mark by any court or Registrar under that record.*

Section 11 (7) -- The Registrar shall, while determining as to whether a trade mark is known or recognised in a relevant section of the public for the purposes of sub-section (6), take into account.

- (i) the number of actual or potential consumers of the goods or services.*
- (ii) the number of persons involved in the channels of distribution of the goods or services.*
- (iii) the business circles dealing with the goods or services.*

to which that trade mark applies.

While subsection (2) of section 11 that deals with the relative grounds of refusal of registration provides that a trademark which is identical or similar to a well-known mark cannot be registered for dissimilar goods or services, its counter part under subsection (4) of section 29 that deals with infringement of a well-known mark does not refer to “well-known” mark. The Supreme Court ought to have noticed this discrepancy and settled this issue as well in view of the fact that the reference to a “registered trade mark” that “has a reputation in India” under subsection (4) of section 29 is very vague when there is a specific definition for a ‘well-known mark’ under the Act. Was it not more appropriate to use the expression ‘well-known mark’ under the said section? In view of the specific objective of the 1999 Act to protect well-known marks, the legislature could not have intended varying degrees and standards for the purposes of registration and use of well-known marks.

Considering all the implications above, the Supreme Court should have grabbed the opportunity to settle the above stated issues rather than leaving it to the Single Judge to decide. It is ardently hoped that the Single Judge would take all the above aspects into consideration and not upset the current statutory protection afforded to well-known marks under the 1999 Act.