



Round-up of Developments in Intellectual Property

The interpretation of the term “Leaving with the registrar” in ‘M/s V-Guard Industries Ltd v. The Registrar Of Trade marks & Anr.’

The Delhi High Court in ‘M/s V-Guard Industries Ltd. v. The Registrar of Trade Marks & Anr.’¹ interpreted the term “Leaving with the registrar” given under Rule 45 of Trade Mark Rules 2017. Rule 45 pertains to filing of the Affidavit of Evidence in Support of Opposition as a part of the trade mark opposition procedure. As per Rule 45, if the party lodging an opposition against a trade mark application (‘the Opponent’) ‘does not leave the documents’ with the Trade Marks Registrar (‘the Registrar’) within 2 months, the opposition is considered to be abandoned. On the basis of this provision, the Registrar had rejected the documents shared by the Opponent, citing a delay of 3 days in “filing” the document².

The Opponent filed an appeal against the Registrar’s order before the Court stating that the delay in filing the Evidence in Support of the Opposition was caused owing to a technical issue with the website of the Trade Marks Registry. The Opponent stated that the documents were sent by courier to the Registry, which was received 3 days after the due date. The Opponent also filed an application for extension of time, which was not considered by the Registrar and eventually the opposition was abandoned.

The Court set aside the order of the Registrar and directed it to take the Evidence filed past the due date on record. The Court took into consideration the language of Rule 45 which uses the term “Leaving with the registrar” that is not found in other legislations. The Court specifically noted that “... Rule 45(1) does not use the expression “fled”. What Rule 45(1) requires is that the evidence must be “left with the Registrar”. Where the statute is ambiguous, the benefit of ambiguity has to go to the citizen. This would be especially so where the statute confers a valuable commercial right on the citizen.”

The Court thus interpreted the term “Leaving with the registrar” broadly to include the *bona fide* attempts of the Opponent to file the evidence.

The Court’s judgement is a balanced move as it placed the substantive right of the Opponent above the procedural requirements.

Interplay between Sections 57 and 124 of the Trade Marks Act pertaining to cancellation of a trade mark registration determined

The Single Bench of the Delhi High Court (‘the Court’), *vide* order dated January 9, 2023³ held that in a trade mark infringement suit, the right conferred on a party to move a court for cancellation/rectification of a registered trade mark granted under Section 124 of the Trade Marks Act, 1999 (‘the Act’) is to be treated as

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available in addition to the right provided under Section 57 of the Act. Accordingly, the right of a party to move the Court under Section 124⁴ could not be read as the only right available, in abrogation of Section 57 of the Act.

Mr. Anubhav Jain, a director of 'Jain Shikanji Private Limited' ('JSPL') instituted the proceedings for cancellation of a trade mark registration under Section 57 of the Act⁵, while simultaneously seeking an appeal against an order granting injunction⁶ before the Division Bench of the Court in a separate matter. The appeal had been preferred by JSPL against an order dated November 5, 2022 of the Karkardooma District Court⁷ wherein a temporary injunction had been granted against JSPL and in favour of Mr. Satish Kumar Jain.

The maintainability of the cancellation/rectification action filed by JSPL before the Court was contested by Mr. Satish Kumar Jain, on the basis that no plea for invalidity of the contested trade mark registration was raised by JSPL in the suit filed before the Karkardooma District Court.

The Court held that the right to seek cancellation of a trade mark registration conferred under Section 57⁸ of the Act and Section 124 Clause (ii) of the Act are independent rights. The Court observed that there is no clause in Section 57 of the Act, which makes it subject to any other provision, including Section 57, and similarly there is no *non obstante* clause in Section 124 which would accord it pre-eminence over the other provisions of the Act.

The cancellation/rectification petition filed before the Court by JFMS was held to be maintainable, with the Court holding that leave need not have been obtained from the Karkardooma District Court in the lawsuit pending therein before filing the cancellation petition.

Hermès secures protection of its trade mark 'Birkin' in the Metaverse

Hermès International and Hermès of Paris

('Hermès') was able to successfully protect its registered trade mark 'Birkin' from misuse and infringement in the Metaverse, in a precedent setting case against Mason Rothschild⁹.

In 2021, Mason Rothschild released a collection of 100 digital handbags in the form of non-fungible token ("NFTs"), titled 'MetaBirkin'. Mr. Rothschild sold these MetaBirkins on a website named "www.metabirkin.com". These NFTs resembled the shape and design of the famous handbag from the well-known luxury brand Hermès, under the brand / trade mark 'Birkin'. Concerned with the misuse of the mark 'MetaBirkin' by Mr. Rothschild, which was confusingly similar to the use of the highly distinctive trade mark 'Birkin' and the trade dress of the bag, Hermès issued a formal notice. Despite the formal notice, Mr. Rothschild continued to sell the MetaBirkin NFTs which led to Hermès filing a suit alleging (i) infringement of the trade mark 'Birkin', (ii) dilution, (iii) cybersquatting and (iv) damages thereof. Mr. Rothschild claimed protection of his 'artistic expression' in the NFTs which is protected by the First Amendment to the U.S Constitution in that, NFTs are illustrative works of art.

Mr. Rothschild's claim was that the 'Rogers test' would apply to his version of the NFTs i.e., protected by free speech. Rogers test is a right to free speech test. The test requires determination from the court on (1) whether the defendant's use is artistically relevant to the underlying work, and (2) whether the defendant's use is explicitly misleading as to the source or content of the work. Generally, the Rogers test applies to works that are plainly expressive and the trade mark used therein, is "not used as a source identifier". Interestingly, the Rogers test does not elaborate which works qualifies as "artistic". The work at issue related to a parody film that determined the extent of artistic expression.

Hermès claimed infringement of its trade mark 'Birkin' by applying the *Gruner + Jahr*¹⁰ test, which involves assessing whether the work in question was 'primarily intended to serve a commercial purpose' and whether

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such use would confuse customers as to the source of the work or product. Hermès also asserted that Mr. Rothschild's use of the mark 'Birkin' had disrupted their efforts to enter the NFT marketplace and had affected Hermès's ability to profit from the 'Birkin' handbag's reputation.

In view of the usage of a domain name by Mr. Rothschild which contained the Birkin trade mark and in determining cybersquatting in connection with the use of the domain name by Mr. Rothschild, the intentions were evident i.e., Mr. Rothschild acted in bad faith and intended to divert consumers from the original indicator of source for commercial gain. Whether Mr. Rothschild's free speech prevailed over Hermès' right in the trade mark or not, determined his bad faith. This in turn would determine if Mr. Rothschild's work diluted the goodwill associated with the Birkin trade mark.

The Jury did not find the protection of the First Amendment applicable to the present suit and held that Mr. Rothschild's use of the mark 'Birkin' was found not just likely to confuse potential consumers in the marketplace but also to mislead potential consumers into believing that Hermès was associated with Mr. Rothschild's MetaBirkin. Therefore, the Jury directed Mr. Rothschild to (i) refrain from registering, using, or trafficking in any domain names or handles on social media platforms that are identical to or confusingly similar to Hermès' Birkin and (ii) to pay damages of \$110,000 million for infringement and dilution of the trade mark, and \$23,000 million for cybersquatting.

'Bored Ape Yacht Club' creator wins lawsuit against artist who made copycat NFT collection

The Central District of California Court ('the Court') ruled in favour of Yuga Labs ('Yuga'), a block chain technology company that hosts the famed 'Bored Ape Yacht Club' collection ('BAYC') non-fungible tokens ('NFTs'), against artists Ryder Ripps and Jeremy Cahen, who created and released a copycat collection. Judge John F. Walter declared that Ryder Ripps and Jeremy Cahen had violated the

Lanham Act of 1946, the USA's primary trade mark statute, citing 'false designation of origin' and 'cybersquatting'. In order to determine the same, the Court applied the 'Rogers Test', which is a 1989 court precedent for defences of trade mark infringement in incidences of creative expression. The Court held that the present case was not one of artistic expression protected by law, and was instead sale intended in bad faith for profit making. The Court remarked that this act was aimed to confuse people.

The Court also stated that the series was not protected by the First Amendment since it is simply "a collection of NFTs that point to the same online digital images as the BAYC collection." The Court did not agree with the assertion that Yuga transferred the trade mark rights to people who purchased the NFTs. Reference was made to the terms and conditions of Yuga, which clearly state that being a BAYC NFT holder is not a trade mark license. Additionally, the Court refuted the argument that Yuga does not own trade mark rights since NFTs are intangible. The Court placed reliance on the Hermes and Metabirkins case¹¹, wherein it was held that goods do not have to be tangible in order for trade mark laws to apply.

In addition to infringing upon Yuga's trade mark, the Court observed that Ryder Ripps and Jeremy Cahen violated rules related to cybersquatting, which is the act of registering domain names similar to trade marked brands with the hope of profiting off of a perceived connection to them. It was held that Ryder Ripps and Jeremy Cahen created and used the domain names 'rrbayc.com' and 'apemarket.com', both of which contained BAYC branding, which the Court found to be "confusingly similar" to Yuga Labs' branding.

The Institute of Chartered Accountants of India v. The Institute of Cost Accountants of India: Court restrains the use of the acronym "ICAI"

In a lawsuit instituted by the Institute of Chartered Accountants of India, the Delhi High Court ('the Court') passed an order of injunction restraining the use of the acronym

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“ICAI” by the Institute of Cost Accountants of India.

The Institute of Chartered Accountants of India is India’s largest professional accounting body which was established as a statutory body under the Chartered Accountants Act, 1949. It was claimed that the Institute of Chartered Accountants of India had been using the acronym “ICAI” since 1949 as a natural acronym of its name. In fact, members of the Institute of Chartered Accountants of India are generally known as “ICAI Chartered Accountants” and/or “ICAI Accountants”. In addition to its rights in common law, the Institute of Chartered Accountants of India is also the registered proprietor of the trade mark ICAI under registration no. 2121118 for the services “education and providing of training” and with a claim of prior use since January 1, 1949. The Institute of Cost Accountants of India, meanwhile, used to operate since 1959 under the name “Institute of Cost and Works Accountants of India”. The entity was renamed as the “Institute of Cost Accountants of India” in 2012 and has been using the acronym “ICAI” only since.

The Institute of Chartered Accountants of India contended in the lawsuit that the rival marks are identical to each other. It was also argued that the rival services are identical to each other and thus, the Court was bound to presume that the impugned mark ICAI is likely to cause confusion, as stipulated under the Trade Marks Act, 1999 (‘the Act’). The Institute of Cost Accountants of India attempted to rebut these grounds of challenge by alleging delay and acquiescence, and that it had always used the impugned mark “ICAI” along with its full corporate name.

Rejecting the Institute of Cost Accountants of India’s contentions, the Court held that the factum of identity of the rival marks and the identity of the rival services constitute infringement. The Court also relied on the principle of ‘initial interest confusion’ and stated that due to the identity of the rival marks and the identity of the rival services, confusion between the rival marks must be presumed. The Court also stated that even if

a consumer ends up differentiating the rival services at the time of purchase, it would not be relevant to the lawsuit as such a differentiation would not oust “initial interest confusion”.

The Court passed an order restraining the Institute of Cost Accountants of India from using the mark “ICAI” as an acronym for its institution or for the services provided by it. The Court also issued directions to the Institute of Cost Accountants of India to take steps to ensure that the acronym “ICAI” is removed from all physical and virtual media/websites within 3 months from the date of the order.

Calcutta High Court rules Graphical User Interface (GUI) capable of Design Registration

In an appeal instituted before the Calcutta High Court (‘the Court’), the Court has held that a built-in Graphical User Interface (‘GUI’) forms a pertinent feature of visual appeal and can be considered as a feature of a registrable design¹².

The appeal was filed by UST Global Singapore Pte. Ltd. (‘UST’) against an order dated September 4, 2019 of the Assistant Controller for Patents and Designs which refused registration of their design titled ‘Touch Screen’ for a novel surface ornamentation which is a GUI. The design registration was refused on the grounds that since GUI is only visible when the device is operating, there can be no design registration when the device is not operating. It was also held that GUI does not follow the process of industrial manufacturing and is mainly created by software development processing.

It was argued by UST that under the Design Rules (Amendment) 2019, the Locarno Classification¹³ Class 14.02 and Class 14.04 specifically recognise ‘screen displays and icons’. UST also contended that the new class 32 (containing graphic symbols, graphic designs, logos, ornamentation and surface patterns) was introduced to by way of amendments made in 2021¹⁴. It was also argued that designs registered may be

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applied to any external or internal feature and are capable of registration if they appeal to the eye and enhance the aesthetic value of the product. The GUI qualified as a 'design' as per the definitions under Sections 2(a)¹⁵ and 2(d)¹⁶ of the Designs Act, 2000, which details the definition of an 'article' and 'design' respectively.

The Court held that the main findings of the order dated September 4, 2019 of the Assistant Controller for Patents and Designs, that the design registration did not follow the process of industrial manufacturing but was created using 'software development processing' was incorrect. It was held that the GUI is created through a source code, which is developed by a software developer, and embedded in the micro-controllers and micro-processors and is displayed by illuminating pixels by electronic means. With this, the Court affirmed the registrability of the GUI design of UST, and the design registration was remanded to the Controller for Patents and Designs for fresh consideration.

This is the first significant order pertaining to design registrability of a GUI in India, paving the path for protection of advanced digital interfaces and graphical components under the Indian laws of intellectual property.

Imminent requirement to update the Manual of Patent Office Practice and Procedure acknowledged by Court

In an appeal¹⁷ filed against the refusal of a patent, the Delhi High Court ('the Court') struck down the grounds adopted by the Assistant Controller of Patents and Designs, Indian Patent Office, Delhi ('the Controller'), and remarked that there is an imminent requirement to update the manual in order to provide adequate guidance to examiners and controllers when dealing with intricate matters.

The Appellant, AGFA NV, had filed the patent application for 'Manufacturing of Decorative Laminates by Inkjet.' Objections had been raised by the Controller on the grounds that the scope of the claim of patent was indefinite, vague and lacked succinctness. Even after amendment of the claims, the Controller had

refused to grant the patent. An additional basis to refuse the claim was that a particular feature relied on 'common general knowledge'. However, the Controller did not provide any reference to determine this 'common general knowledge'. According to the Controller, the feature related to workshop modification which did not involve any ingenuity, and hence a skilled person could use 'common general knowledge' to arrive at the said feature.

While addressing the Controller's objection on lack of clarity, the Court held that patent specifications are addressed to a skilled person to whom the terms of the claim would be evidently clear. Further, the specified terms that the Controller had deemed to be indefinite and vague are adequately described in the description.

On the Controller's objection regarding the lack of succinctness, the Court observed that even the Manual of Patent Office Practice and Procedure does not provide any guidelines or standards to determine a lack of succinctness. The Court also referred to the guidance provided by Patent Manual of Practice and Procedure issued by the IP Office of Australia, to hold that the claims do not lack succinctness.

With particular reference to the Controller's objection based on 'common general knowledge', the Court observed that that the Controller has to specify the source of this said knowledge. Additionally, the fact that particular knowledge has become 'common general knowledge' has to be substantiated with evidence.

In the postscript, the Court remarked that there is an acute requirement to update the Manual of Patent Office Practice and Procedure considering the complex nature of patents related to Artificial Intelligence, Machine Learning, etc. The Court further remarked that it may be appropriate to provide patent analytics and technical training to the examiners and controllers.

In fact, the Controller's Office has recently sought suggestions/comments from the public

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regarding revision of existing manuals and guidelines or for issuance of fresh manuals and guidelines in respect of Patents, Designs, Trade Marks, Geographical Indications and Copyrights¹⁸ by October 15, 2023, for review by expert committees for consideration and necessary action.

101 rogue websites restrained from streaming “Spider-Man: Across the Spider-Verse” prior to release in India

The Delhi High Court (‘the Court’) granted relief to Sony Pictures Animations (‘Sony’) restraining 101 rogue websites from posting, streaming, reproducing, distributing or making available to public, on their website, or through the internet, in any manner whatsoever, any cinematography work/content/program in which the plaintiff had copyright.¹⁹

It was alleged by Sony that several rogue websites had advertised the upcoming broadcast of “Spider-Man: Across the Spider-Verse.” Sony further sought relief directing the internet service providers to block access to the rogue websites. Taking cognizance of Sony’s intellectual property in the movie “Spider-Man: Across the Spider-Verse”, the Court granted the *ex parte* reliefs to Sony.

Pursuant to this order the Department of Telecommunication and the Ministry of Electronics and Information Technology on May 29, 2023 issued a notification calling on all information and telecom service providers to block access to the rogue websites streaming “Spider- Man: Across the Spider-Verse”.

Obtaining trade mark registration by ‘trade mark squatting’ amounts to bad faith under the Trade Marks Act, 1999

The Delhi High Court (‘the Court’) recently held that obtaining registration of a trade mark in ‘bad faith’ by a third party with the intention to block the original proprietor’s attempt to register the trade mark would make the said registration liable to be struck off the Register of Trade Marks (‘the Register’)²⁰.

BPI Sports LLC, (‘BPI’) a company incorporated in Florida, USA used the trade mark ‘BPI SPORTS’ in relation to dietary and nutritional

supplements since 2009, with trade mark registrations for the mark ‘bpi sports’ in USA and Canada. In the petition filed before the Delhi High Court for removal of a trade mark registration from the Register, it claimed that Mr. Saurabh Gulati, who had previously been importing BPI’s goods in India under their trade mark, had applied for and obtained trade mark registration in India for an identical mark in respect of the same goods, i.e. for “health food supplements, dietary supplements and nutritional supplements.”

It was alleged by BPI that Mr. Gulati is engaging in ‘trade mark squatting’ and has no intention of actually using the subject mark. BPI had been using the subject mark globally since 2009, however it had commenced using the mark in India from 2019. It was further alleged that Mr. Gulati was well aware of the prior rights of BPI, having been earlier involved in importing BPI’s goods to India.

While considering the petition, the Court remarked that for removal of a trade mark registration, the subject mark must be shown to be incapable of registration on one of the absolute or relative grounds as provided under The Trade Mark Act (‘the Act’). It was observed that the registration for ‘bpi sports’ does not attract any of the absolute or relative grounds provided under the Act, since BPI did not possess a trans-border reputation.

The Court clarified that BPI would be entitled to relief under Section 11(10) (ii) of the Act, that requires the Registrar of Trade Marks to consider ‘bad faith’ affecting the rights related to the trade mark registration. It was held that a purposive interpretation of this section would disallow the request for registration of a mark that is maligned with bad faith.

The Court placed reliance on several articles and outlined the definition of a ‘trade mark squatter’ as ‘a person who seeks to register third party marks domestically before their legitimate rights holders have an opportunity to secure their rights.’ The Court held that while trade mark squatting does not find explicit mention in the Act, it would amount to bad faith.

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It was held that Mr. Gulati, in his capacity as an importer of BPI, obtained registration to capitalise on BPI's reputation for dietary and nutritional supplements. The Court, basis the evident *mala fide* and bad faith of Mr. Gulati, allowed BPI's petition for removal of the trade mark registration for 'bpi sports'.

Assignment of Trade Mark shall not take effect unless Assignee applies to Trade Marks Registrar within time limit stipulated under Section 42 of the Trade Marks Act, 1999

In a Writ Petition filed against the Trade Marks Registry, Kolkata ('the Registrar'), the Calcutta High Court ('the Court') held that the assignment of registered and unregistered trade mark shall not take effect unless the Assignee applies to the Registrar for advertisement of the assignment within a maximum time frame of 9 (6 plus 3) months from the date on which the Assignment has been made²¹.

The petitioner, Paul Brothers, had purchased 14 trademarks through a public auction of a company that went into liquidation by order of the National Company Law Tribunal. Subsequently, they learned that 7 of the marks were registered / assigned in favour of a relative of the director of the liquidated company, and an injunction order had been granted in favour of the said relative against the director of the liquidated company from infringing or misappropriating the trademark registrations.

A Writ Petition was filed by Paul Brothers to revoke the Assignment dated April 3, 2017 ('the Assignment') under Section 42 of the Trade Marks Act, 1999 ('the Act'), which outlines the conditions for assignment otherwise in connection with the goodwill of a business. The Court remarked that it is an established principle of law that a third-party auction-purchaser's interest is protected. It was held that the law provides a high degree of protection to strangers who are *bona fide* purchasers of a property at an auction. Additionally, the Official Liquidator in the present case had written to the Registrar with a request to maintain *status quo*.

It was noted that at the time of the Assignment, the process of liquidation had already been initiated by the Official Liquidator. Moreover, the Court observed that under Section 42 of the Act, whenever an assignment of a trade mark is made, it shall not take effect unless the Assignee applies to the Registrar of Trade Marks for advertising the said assignment. In the present case, the Court held that the time limit prescribed by the statute had lapsed and no such Application had been made. Basis the same, the Court restrained the director of the liquidated company and their relative from using the trade marks.

Principles of disparagement in advertisement discussed in 'Domex' versus 'Harpic' dispute

An order of the Single Judge Bench of the Delhi High Court ('the Single Judge') restraining Hindustan Unilever Limited ('HUL') from publishing allegedly disparaging material towards the similar product of Reckitt Benckiser (India) Pvt. Ltd. ('Reckitt') was challenged before the Division Bench of the Delhi High Court, while discussing the law of disparaging advertisements.

HUL had been restrained from publishing a print advertisement and airing three YouTube videos (the 'materials') advertising their toilet cleaner product 'Domex', which were allegedly disparaging Reckitt's toilet cleaner product 'Harpic'²². Both Reckitt and HUL filed appeals against the order – Reckitt challenging the order to the limited extent that the Single Judge did not restrain the broadcast of the TV commercial and HUL challenging the order for its finding of disparagement in the materials.

Reckitt's appeal was allowed by the Division Bench of the Delhi High Court²³, wherein it was held that the Single Judge had erred in drawing a conclusion that the TV Commercial did not denigrate Reckitt's product and accordingly, HUL was restrained from airing the TV Commercial.

The appeal filed by HUL against the order of the Single Judge was confined to the materials, and it was claimed that the materials truthfully depicted that the effect

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of their product lasts longer than that of Reckitt. While noting that the Single Judge had not interdicted HUL from broadcasting the materials but merely directed that it removes all references to Reckitt's product, the Court dismissed HUL's appeal²⁴.

The Court reiterated the settled principles on comparative advertisements, citing the Supreme Court judgement in *Tata Press Ltd. v. Mahanagar Telephone Nigam Ltd.*²⁵, which authoritatively held that commercial speech was a facet of freedom of speech and expression, which was guaranteed under Article 19(1) (a) of the Constitution of India. Thus, it was entitled to be protected; but the protection cannot extend to misrepresentation or where the advertisements are contrary to law.

The Court stated that grey areas need not be taken as strict representation of facts but merely as glorification of one's own product. It was further held that a tradesman while comparing his goods with others can say that his goods are better, however, he cannot say that the goods of his competitor are bad. In such a scenario, the Court stated that there would be defamation of the goods of the competitor. The Court further held that the creativeness of an advertiser is not restricted when hyperbole and puffery is concerned and the same need not be tested on the anvil of truth. The advertisements should not reflect comparative hyperbole as statements of fact. Additionally, honest comparative advertisements are permitted.

The Court agreed with the view of the Single Judge, that the depiction of the bottle of an ordinary toilet cleaner in the materials is likely to be identified as Reckitt's product 'Harpic'. It further held that the balance of convenience lies in favour of Reckitt, since a false advertisement campaign would cause irreparable loss to Reckitt while postponing broadcast of an advertisement referring to Reckitt's product may not have any material effect on HUL, considering that it is free to advertise its product without reference to Reckitt's products.

Trade Mark Registry directed to conduct Phonetic Search for mark at the preliminary stage

In a petition filed for removal of a trade mark registration from the Trade Marks Register ('the Register'), the Delhi High Court held that where an application was submitted for registration of a mark, a word mark search as well as a phonetic search should be conducted so that the marks which were phonetically similar to the mark applied for registration are thrown up at the preliminary stage itself²⁶.

In the petition for rectification, the Institut European D. Administration Des Affaires, Insead, Association, which runs a business school under the abbreviation 'INSEAD', filed for removal of the trade mark registrations of Fullstack Education Private Limited, which comprised the word 'INSAID'. The INSAID trade marks were also being used with respect to a business school.

It was argued by INSEAD that they have the benefit of priority of registration and priority of use over the INSAID trade marks, which were deceptively similar and phonetically nearly indistinguishable.

It was held by the Court that the INSEAD and INSAID logos were admittedly different, however, deemed that there was phonetic similarity between the rival marks. The Court, while applying the classical test of phonetic similarity postulated by Parker J in *Pianotist Co. Application*²⁷, held that the marks have to be such that, when they are initially encountered by the consumer, there is a chance of confusion, and a case of infringement is made out.

The Court observed that the two marks were phonetically similar when observed from the point of view of a consumer of average intelligence, and that the marks need not be phonetically identical. The Court stated that the phonetic confusion has to be assessed on the basis of the initial interest test, that is, whether when the customers are initially exposed to the marks there is a likelihood of confusion.

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The contention that the rival marks were device marks that were visually distinct was rejected by the Court, and it was observed that the test to check similarity of marks is not one where you place the rival marks together and assess their similarities. The Court held that the test is based on the imperfect recollection of an average consumer which might render him confused on encountering the second mark. The mere fact that the targeted consumers are knowledgeable/ sophisticated would not rule out the likelihood of initial interest confusion.

It was held that since presently there were no guidelines dictating the kind of searches to be conducted at the initial stages, it is not possible to invalidate the subsequent registration on the sole ground that a phonetic search was not conducted. However, the Court directed that in order to avoid confusion in the future, a word mark search and a phonetic search should be conducted even in the preliminary stage. The INSAID trade mark registration was set aside and removed from the Trade Marks Register owing to its similarity with the INSEAD trade mark.

'Well-Known' Dilemma - procedure under Rule 124 of Trade Mark Rules 2017 and positive determination by a Court under Section 11(8) of the Trade Marks Act, 1999

The Delhi High Court ('the Court') has held that even when a trade mark is declared to be a well-known trade mark by a court, the rules prescribed in the Trade Mark Rules 2017 ('the 2017 Rules') will apply with respect to the procedure for publication and inclusion. For determination of the same, the Court analysed the relevant provisions of the Trade Marks Act, 1999 (the 'Act') and the 2017 Rules²⁸.

In 2019, the Court had held the trade mark 'Vistara' to be a well-known mark²⁹, a recognition that entitles a trade mark to the highest degree of protection across all classes. The proprietor of the 'Vistara' trade mark, Tata SIA Airlines Limited ('Tata') thereafter addressed a letter for inclusion of the mark in the list of well-known trade marks maintained by the Trade Marks Registrar ('the Registrar') under the provisions of Section 11(8) of the

Act. A Writ of *mandamus* was sought by Tata upon refusal of the Registrar to take requisite action in view of Rule 124 of the 2017 Rules.

For a trade mark to be included in the list of Well-Known Marks, Rule 124 of the 2017 Rules prescribes that an application in Form TM-M is to be made along with appropriate fees for a request of determination by the Registrar. Section 11(8) provides that once a court determines a mark to be a well-known trade mark, the Registrar shall consider it as such.

The question before the Court was whether there remained a requirement for compliance with the procedure prescribed in Rule 124 of the 2017 Rules, once a court has recognised a mark as a 'well-known'. Additionally, the Court was required to consider whether there was a conflict between Rule 124 of the 2017 Rules and Section 11(8) of Act.

The Registrar argued that that even when a determination is made by a court, under Rule 124 of the 2017 Rules, the requisite Form TM-M along with the prescribed fee of INR 1,00,000/- has to be filed in order to enable the Trade Marks Registry to process and publish the mark in the Trade Mark Journal and the list of Well-Known Marks. It was contended that the use of the word 'shall' make the provision prescribed under Rule 124 of the 2017 Rules mandatory and the Registrar is duty bound to comply with the same.

The Court held that "there is no conflict between the provisions of Section 11(8) and Rule 124 is an enabling provision for enforcing and giving effect to Section 11(8) after the trademark has been declared to be well-known by a judicial order. Legislature while enacting Section 11(8) has proscribed the Registrar from re-determining a trademark already declared as well-known by a Court/Registrar and does not deal with the procedure or mechanism for determination or publication or inclusion of the trademark, which is separately provided for in Rule 124 read with the Schedules. It is thus held that even where a trademark is declared to be a well-known trademark by the Court, Rule 124 will apply with respect to the procedure for publication and inclusion, save

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and except, calling for documents and inviting objections under sub-Rules (4) and (5) thereof. This interpretation based on plain reading of both provisions will further the object of the 2017 Rules.

The Court held that Rule 124 of the 2017 Rules does not differentiate between a determination made by a court and a determination made by the Registrar. In case, the determination is made under Section 11 (8) of the Act, the Registrar can simply proceed to publishing the mark in the list of well-known trademarks. In order to comply with Rule 124, the Registrar would not be required to re-determine the status of a trade mark or review the judgment of the court.

The Court held that only because a literal interpretation of statute which is plain and unambiguous would result in harsh and inconvenient consequences, it cannot be given a different interpretation. Hence, the procedural requirements under Rule 124 of the 2017 Rules would apply even for determinations related to Well-Known Marks made by a court.

Rectification Petition under Sections 47, 57, or 124 of the Trade Marks Act, 1999 is maintainable before the High Court where the 'dynamic effect' of the impugned trade mark registration is felt by the Petitioner

In a case wherein a single-judge bench of the Delhi High Court ('the Court') was seized of two Rectification Petitions seeking removal of the trade marks 'RAZOFAST' and '**USDC**' respectively from the Register of Trade Marks ('the Register'), a common question of law emerged during the hearings as to the appropriate High Court before which an application/petition under Sections 47, 57, or 124 of the Trade Marks Act, 1999 ('the Act') would lie, the Court ruled that such an action would lie not only before the High Court having territorial jurisdiction over the office of the Trade Marks Registry ('the Registry') where the impugned trade mark was registered, but also where the 'dynamic effect' of the impugned registration is felt by the Petitioner.³⁰

In both of the aforementioned Rectification Petitions, the Registry where the impugned mark was registered were situated outside the territorial jurisdiction of the Court. In the first case, Dr. Reddys Laboratories Ltd., had filed a suit for trade mark infringement against Fast Cure Pharma, alleging that Fast Cure Pharma's mark 'RAZOFAST' infringes its mark 'RAZO', and that both marks are used with respect to an identical pharmaceutical product 'Rabepazole'. The suit was decreed in favour of Dr. Reddys Laboratories Ltd. on August 16th, pursuant to which it sought an adjournment to file Rectification Petition against 'RAZOFAST' before the Court. It is interesting to note that the 'RAZOFAST' mark was registered at the Kolkata Branch Office of the Registry.

In the second case, Centre Consortium, LLC moved a Rectification Petition before the Court to seek cancellation of the mark '**USDC**' under Section 47 of the Act on the grounds of non-use of the mark. The mark was registered at the Ahmedabad Branch Office of the Registry. Thus, a common question of law arose as to whether the present Rectification Petitions were maintainable before the Court, as well as to determine the appropriate High Court which would consider the *prima facie* tenability of the Rectification Petitions, as mandated under Section 124 of the Act.

The Court noted that Section 57 of the Act is the sole provision which provides for the rectification of the Register, and thus, the application for rectification to which Section 124 (1) (ii) of the Act references is necessarily a rectification filed under Section 57 of the Act. The Court also emphasised that the expression "High Court" has not been defined in the Act, and that there is no express statutory proscription against the jurisdiction of any High Court under Sections 47 or 57 of the Act.

The Court held that a cancellation/rectification petition could be instituted **either** before the High Court having jurisdiction over the office of the Registry which granted registration to the impugned mark and where the 'static effect' of the registration is felt, **or** before the High Court where the Petitioner is affected by

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the ‘dynamic effect’ of the registration which in the present case, is use of the impugned mark in the jurisdiction of the High Court. However, this ‘dynamic effect’ would have to be established by the Petitioner either by actually accessing the impugned mark within the jurisdiction of a High Court, or intending to do so, or where the impugned registration would obstruct the Petitioner from securing registration for its own trade mark. The Court observed that the jurisdiction in cases of trade mark infringement has now extended to encompass any Court within whose jurisdiction ‘use’ of the impugned mark takes place, even where the impugned goods are available for sale online with/without actual proof of sale or purchase. Thus, a ‘dynamic effect’ of a trade mark registration is felt within every such jurisdiction.

The Court extracted the ‘dynamic effect’ principle from the Full Bench judgement of the Court in *Girdhari Lal Gupta*³¹ which opined that the appropriate High Court to entertain the application under Section 51-A of the Patents & Designs Act, 1911 includes both the High Court where the ‘static effect’ of the registration is felt – which has jurisdiction over the office of the Registry which granted the design, and where the ‘dynamic effect’ of the registration is felt – where the impact of the registered design is felt by actual use of such design. The Court also noted that the minority opinion of H.L. Anand, J. did not differ with the majority regarding the jurisdiction of the High Court. The Court further examined the Ayyangar Committee Report (‘the Report’), constituted with the objective of examining the provisions of the erstwhile Trade Marks Act, 1940 and suggesting appropriate amendments, noting that the Report stated the definition of a ‘High Court’ under Section 2 (d) of the Trade Marks Act, 1940 as to include “every High Court in the country”. The Court also examined the provisions of the Trade and Merchandise Marks Act, 1958, Rule 4 of the Trade Marks Rules, 2017, Section 33 (3) of the recent Tribunal Reforms Act, 2021, and Sections 57 (2), 57 (4) and 58 (1) (c) of the Act and noted that neither of these provisions act as an express bar on the jurisdiction of a High Court to entertain a rectification petition,

and that the legislature has itself consciously omitted to constrain the jurisdiction of any High Court.

As a parting note, the Court also cautioned that the ‘dynamic effect’ principle cannot justify filing rectification/cancellation petitions in High Courts where the Petitioner is neither feeling, nor is likely to feel any effect of the impugned registration, and that the principle cannot arm a litigant to harass his opponent. The Court also observed that Section 124 of the Act is couched in a manner to indicate that the same High Court which has competence to decide the dispute in a trade mark infringement, should have also the competence to adjudicate the connected rectification petition. The Court opined that the ‘dynamic effect’ of the impugned trade mark registration is felt by the Petitioners within the jurisdiction of the Court, and thus the Rectification Petitions were held to be maintainable.

Protecting the interests of Defendants in fresh suits on grounds of equity and fairness.

The Delhi High Court (‘the Court’) had issued an *ad interim* injunction against Dabur India Ltd. (‘Dabur’)³² for their product bearing the trade mark “Dabur Cool King Thanda Tel” which was held to have deceptively similar trade dress and packaging as Emami Limited’s (‘Emami’) product “Navratna Ayurvedic Tel”. The Court recorded that the similarities between the two products (in bottle and sachet forms) were glaring and stated that “*When one sees the two bottles, they are similar in shape, the slight difference in the two shapes being so imperceptible as not to impress itself on an average customer. The oil contained in both the bottles is red in colour.*” Basis these submissions Dabur was enjoined from continuing to use the trade dress in the market.

However, Dabur contended that they had been manufacturing and distributing the product i.e., hair oil with cooling properties right from 1972 as opposed to Emami’s product in the market since 1989. An appeal was filed by Dabur subsequently on the grounds that

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(i) Dabur was not awarded an opportunity to defend their use in the market, and (ii) Dabur was the proprietor of the mark “Super Thanda Oil” and its iconic red colour, which was registered under trade mark bearing number 1823606 since 2006 and under trade mark bearing number 282258 in class 5. The Single Judge’s order was set aside on appeal by the Division Bench of the Court on the ground that Dabur had not being awarded sufficient opportunity to present its case.

A similar order was passed by the Court in *Silver Maple Health Care Services Pvt. Ltd. v. Dr. Ajay Dubey & Ors.*³³, relying on the above order allowing the injunctioned party to file its reply to the application seeking interim injunction. The Court noted that it was bound by the decision in *Dabur India Ltd v. Emami Limited*, and could not grant an interim injunction without allowing the injunctioned party sufficient time to file a reply to the application seeking interim injunction, stating that “*If the defendant has been using the impugned mark, before the plaintiff instituted the suit, then, in all but, possibly, the most exceptional cases, the decision in Dabur would obligate the Court to extend, to the defendant, an opportunity to submit a written response to the prayer for interlocutory relief, before proceeding to pass orders thereon.*” The Court highlighted the importance of weighing out the balance

of convenience by relying upon a Supreme Court judgement of 1990³⁴ stating that: “*the object of the interlocutory injunction, it is stated “...is to protect the plaintiff against injury by violation of his rights for which he could not adequately be compensated in damages recoverable in the action if the uncertainty were resolved in his favour at the trial. The need for such protection must be weighed against the corresponding need of the defendant to be protected against injury resulting from his having been prevented from exercising his own legal rights for which he could not be adequately compensated. The court must weigh one need against another and determine where the ‘balance of convenience’ lies.*”

The Court’s rulings in the two decisions is highly contentious as it also opens doors for misuse. Established counterfeiters who run fly-by-night operations would also likely misuse this position, since the subsequent order in *Silver Maple Health Care Services Pvt. Ltd. v. Dr. Ajay Dubey & Ors.* does not distinguish the nature of prior use by the defendant. While it is established law and practice that the power to grant *ex-parte* orders is discretionary towards maintaining equity, the aspect of irreparable damages is also an important aspect to consider.

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Endnotes

- 1 Judgement dated January 6, 2023 in C.A. (Comm.IPD-TM) 39/2022 before the Delhi High Court.
- 2 Order dated August 30, 2018 in Opposition filed against Application No. 2772497 for the trade mark ‘LIVGUARD ZING’ before the Trade Marks Registry.
- 3 Order dated January 9, 2023 in suit titled C.O.(Comm.IPD-TM) 55/2021 before the Delhi High Court.
- 4 Section 124 in The Trade Marks Act, 1999 - Stay of proceedings where the validity of registration of the trade mark is questioned, etc.—
 - (1) Where in any suit for infringement of a trade mark—
 - (a) the defendant pleads that registration of the plaintiff’s trade mark is invalid; or
 - (b) the defendant raises a defence under clause (e) of sub-section (2) of section 30 and the plaintiff pleads the invalidity of registration of the defendant’s trade mark, the court trying the suit (hereinafter referred to as the court), shall, —
 - (i) if any proceedings for rectification of the register in relation to the plaintiff’s or defendant’s trade mark are pending before the Registrar or the Appellate Board, stay the suit pending the final disposal of such proceedings;
 - (ii) if no such proceedings are pending and the court is satisfied that the plea regarding the invalidity of the registration of the plaintiff’s or defendant’s trade mark is prima facie tenable, raise an issue regarding the same and adjourn the case for a period of three months from the date of the framing of the issue in order to enable the party concerned to apply to the Appellate Board for rectification of the register.
 - (2) If the party concerned proves to the court that he has made any such application as is referred to in



clause (b) (ii) of sub-section (1) within the time specified therein or within such extended time as the court may for sufficient cause allow, the trial of the suit shall stand stayed until the final disposal of the rectification proceedings.

- (3) If no such application as aforesaid has been made within the time so specified or within such extended time as the court may for sufficient cause allow, the issue as to the validity of the registration of the trade mark concerned shall be deemed to have been abandoned and the court shall proceed with the suit in regard to the other issues in the case.
 - (4) The final order made in any rectification proceedings referred to in sub-section (1) or sub-section (2) shall be binding upon the parties and the court shall dispose of the suit conformably to such order in so far as it relates to the issue as to the validity of the registration of the trade mark.
 - (5) The stay of a suit for the infringement of a trade mark under this section shall not preclude the court from making any interlocutory order (including any order granting an injunction directing account to be kept, appointing a receiver or attaching any property), during the period of the stay of the suit.
- 5 Suit titled C.O.(Comm.IPD-TM) 55/2021 before the Delhi High Court.
 - 6 Appeal titled FAO(Comm) 185 of 2022 before the Division Bench of the Delhi High Court.
 - 7 Suit titled CS(Comm) 171/2021 before the Commercial Court, Karkardooma.
 - 8 Section 57 in The Trade Marks Act, 1999 - Power to cancel or vary registration and to rectify the register.—
 - (1) On application made in the prescribed manner to the Appellate Board or to the Registrar by any person aggrieved, the tribunal may make such order as it may think fit for cancelling or varying the registration of a trade mark on the ground of any contravention, or failure to observe a condition entered on the register in relation thereto.
 - (2) Any person aggrieved by the absence or omission from the register of any entry, or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error or defect in any entry in the register, may apply in the prescribed manner to the Appellate Board or to the Registrar, and the tribunal may make such order for making, expunging or varying the entry as it may think fit.
 - (3) The tribunal may in any proceeding under this section decide any question that may be necessary or expedient to decide in connection with the rectification of the register.
 - (4) The tribunal, of its own motion, may, after giving notice in the prescribed manner to the parties concerned and after giving them an opportunity of being heard, make any order referred to in sub-section (1) or sub-section (2).
 - (5) Any order of the Appellate Board rectifying the register shall direct that notice of the rectification shall be served upon the Registrar in the prescribed manner who shall upon receipt of such notice rectify the register accordingly.
 - 9 Order dated February 2, 2023 in HERMES INTERNATIONAL and HERMES OF PARIS, INC., Plaintiffs, v. MASON ROTHCHILD, Defendant 22-cv-384 (JSR).
 - 10 Gruner + Jahr Publ'g., 991 F.2d at 1079.
 - 11 Hermès International, et al. v. Mason Rothschild, 1:22-cv-00384 (Southern District New York).
 - 12 Judgement dated March 20, 2023 UST Global (Singapore) Pte Ltd vs The Controller of Patents and Designs AID No. 2 of 2019.
 - 13 The international classification system for industrial designs that is administered by the World Intellectual Property Organisation.
 - 14 The Designs (Amendment) Rules, 2021 notified by the Department of Industrial Policy and Promotion (DIPP) on January 25, 2021.
 - 15 Section 2(a) of the Designs Act, 2000 – “article” means any article of manufacture and any substance, artificial, or partly artificial and partly natural and includes any part of an article capable of being made and sold separately.
 - 16 Section 2(d) of the Designs Act, 2000 – “design” means only the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye ...”.
 - 17 Judgement dated June 2, 2023 before the Delhi High Court in AGFA NV & Anr. vs The Assistant Controller of Patents and Designs & Anr. C.A (COMM.IPD-PAT) 477/2022.
 - 18 Notification dated August 30, 2023 of the Controller General of Patents, Designs & Trade Marks.
 - 19 Order dated May 29, 2023 before the Delhi High Court in Sony Pictures Animation Inc Versus FlixHD.CC & Ors CS(Comm) 366/2023.
 - 20 Judgement dated April 27, 2023 before the Delhi High Court in BPI Sports LLC versus Saurabh Gulati C.O.(COMM. IPD-TM) 16/2021.
 - 21 Order dated April 6, 2023 before the Calcutta High Court in Paul Brothers & Anr. vs Union of India & Ors. WPA 24933 of 2022.
 - 22 Order dated November 9, 2021 in Reckitt Benckiser (India) Private Limited vs Hindustan Unilever Limited CS (Comm) No. 340 of 2021.
 - 23 Judgement dated September 26, 2022 before the Delhi High Court in Reckitt Benckiser (India) Pvt. Ltd. v. Hindustan Unilever Limited : FAO(OS)(COMM) 149/2021.
 - 24 Judgement dated April 13, 2023 before the Delhi High Court in Hindustan Unilever Limited v. Reckitt Benckiser (India) Private Limited FAO(OS)(COMM) 157/2021.
 - 25 Judgement dated August 3, 1995 before the Supreme Court in Tata Press Ltd. v. Mahanagar Telephone Nigam Limited Civil Appeal No. 6960 of 1994.
 - 26 Judgement dated May 17, 2023 before the Delhi High Court in Institut Europeen D. Administration Des Affaires,

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- Insead, Association v. Fullstack Education Private Limited and Another C.O. (COMM. IPD-TM) 1/2021.
- 27 (1906) 23 RPC 774.
- 28 Judgement dated May 25, 2023 before the Delhi High Court in Tata SIA Airlines Limited v. Union of India W.P.(C)-IPD 64/2021.
- 29 Judgement dated March 25, 2019 before the Delhi High Court in TATA SIA Airlines Limited v. M/s. Pilot8 Aviation Book Store & Anr. CS(COMM) 156/2019.
- 30 Judgement dated September 4, 2023 before the Delhi High Court in Dr. Reddys Laboratories Limited v. Fast Cure Pharma and Another C.O. (COMM. IPD-TM) 8/2023 AND Centre Consortium, LLC v. Krunal Harjibhai Sardhara & Another C.O. (COMM. IPD-TM) 97/2023.
- 31 Girdhari Lal Gupta v. K. Gian Chand & Co., AIR 1978 Del 146; (1898) 15 RPC 131 (Ch D).
- 32 Dabur India Ltd v. Emami Limited, FAO(OS) (COMM) 171/2023.
- 33 Silver Maple Health Care Services Pvt. Ltd. v. Dr. Ajay Dubey & Ors.; CS (COMM) 570/2023.
- 34 Wander Ltd. v. Antox (India) Pvt. Ltd. ; 1990 Supp SCC 727.

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