

# Trans-Border Reputation in Trademarks

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In today's world of modern-day trading; where the goods and services are marketed through interactive websites; Advertisements, Magazines, Journals, Newspapers, Portals etc. which are easily accessible by customers globally, leading to worldwide reputation and goodwill of the mark vis-a-vis Trademark disputes in India reflects the growth of technological development globally.

## DOCTRINE OF TERRITORIALITY

This Principle recognizes the trademark, having a separate existence in each sovereign country. In an action of Passing off and infringement the prior use of the marking one jurisdiction would not ipso facto entitle its proprietor or user of the mark to claim 'Exclusive Rights' on the said mark in another territory.

'Goodwill'- is local in character and divisible; if the business is carried on in several countries a separate goodwill attaches to it in each.

The Indian Supreme Court has recently reiterated the settled principle of Law in case of Toyota Jidosha Kabushiki Kaisha vs M/S Prius Auto Industries Limited on 14 December 2017 on the issue of the trans-border reputation of trademarks. The Court, in this case, observed that a foreign entity must produce 'sufficient evidence' of 'use of goods' or 'services' in India to protect their trademark from an action of passing off and infringement.

The Doctrine of Transborder reputation was

first recognized by "Hon'ble Supreme Court" in case of "N. R Dongre V Whirlpool Corp", 1996, the Court held that the knowledge and awareness of it and its critical evaluation and appraisal travel, beyond the confines of the geographical area in which it is sold. The physical presence in India was not necessary, mere advertisement of goods in foreign Country allowed the trader to carry its trans-border reputation or goodwill.

Whilst considering the possibility and confusion in relation to pharmaceutical products, Supreme Court in Milmet Oftho Industries & Ors vs Allergan Inc. had taken care of strict standard of health issues and awareness. Court categorically held that to claim the rights of prior adopter in case of identical trademarks, use of the mark in India would be irrelevant. However, the Court cautioned that Multinational corporations, who have no intention of coming to India or introducing their product in India should not be allowed to throttle an Indian Company by not permitting it to sell a product in India, if the Indian Company has genuinely adopted



the mark and developed the product and is first in the market.

In case of Toyota V. Prius, Plaintiff launched the world's first commercial hybrid car called 'Prius' in Japan in the year 1997 and in other countries like U.K., Australia, the U.S.A. etc. during the year 2000-2001. The plaintiff also claimed registration of the trademark 'Prius' in different countries as early as the year 1990 (in Japan) and eventually in other jurisdictions all over the globe. So far as India is concerned, however, the car was released in the year 2009 and until that point of time, the plaintiff had not obtained registration of the mark 'Prius' in the Indian jurisdiction. Further, the car was displayed in the car shows in Delhi and Bangalore held in the year 2009 and it was formally launched in India in the year 2010. The plaintiff claimed that various advertisements and news reports about 'Prius' and publications in car magazines in India and across the globe have made 'Prius' a well-known trademark within the meaning of the said expression under Section 2(1)(zg) of the Trade Marks Act, 1999. Despite all the above spillover the reputation of Toyota, the Court disallowed the trademark and held against them.

Moreover, the Court in this case categorically mentioned that the evidences of advertisements in automobile magazines, international business magazines; availability of data in information-disseminating portals like Wikipedia and online Britannica dictionary and the information on the internet, even if accepted, will not be a safe basis to hold the existence of the necessary goodwill and reputation of the product in the Indian market at the relevant point of time, particularly having regard to the limited online exposure at that point of time. The news items relating to the launching of the product in Japan isolatedly and singularly in the Economic Times also do not firmly establish the acquisition and existence of

goodwill and reputation of the brand name in the Indian market".

Therefore, whilst considering the possibility of deception and confusion of Trademark seeking to expand into a new territory, the mark had to fulfill the requisites under section 11(6) & 11(9) of the Act which posit the definition of a "well-known trademark" under section 2(1) (zg) of the Trademarks Act. There must be adequate evidence to show that the plaintiff had acquired a substantial goodwill for its goods or services in the Indian market.

This Judgement has further introduced a separate concern for foreign traders looking for ease of business in India; In the World of businesses in electronic trade and commerce with no tangible assets.

U.K. Supreme Court in "Starbucks vs. British Sky Broadcasting" observed that in order to establish sufficient goodwill or reputation claimant must show that it has significant customers, in the jurisdiction, but it is not necessary that the claimant actually has an establishment or office in this country.

However, Indian Court has ensured by a plethora of judgment that the interest of consumers in case of trans-border reputation are not imperiled and the trader who is first in the market and is a genuine adopter of the mark is not put to risk and thus can claim "Exclusive Rights" over the mark.

Interestingly, it would be relevant to mention the Delhi High Court view in the Case of "Rolex Sa vs Alex Jewellery Pvt Ltd" – "Over the years and very quickly in recent times, the international boundaries are disappearing. With the advent of the internet in the last over ten years, it cannot now be said that a trademark which is very well known elsewhere would not be well known here. The test of a well-known trademark in Section 2(zg) is qua the segment of the public which uses such goods."



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