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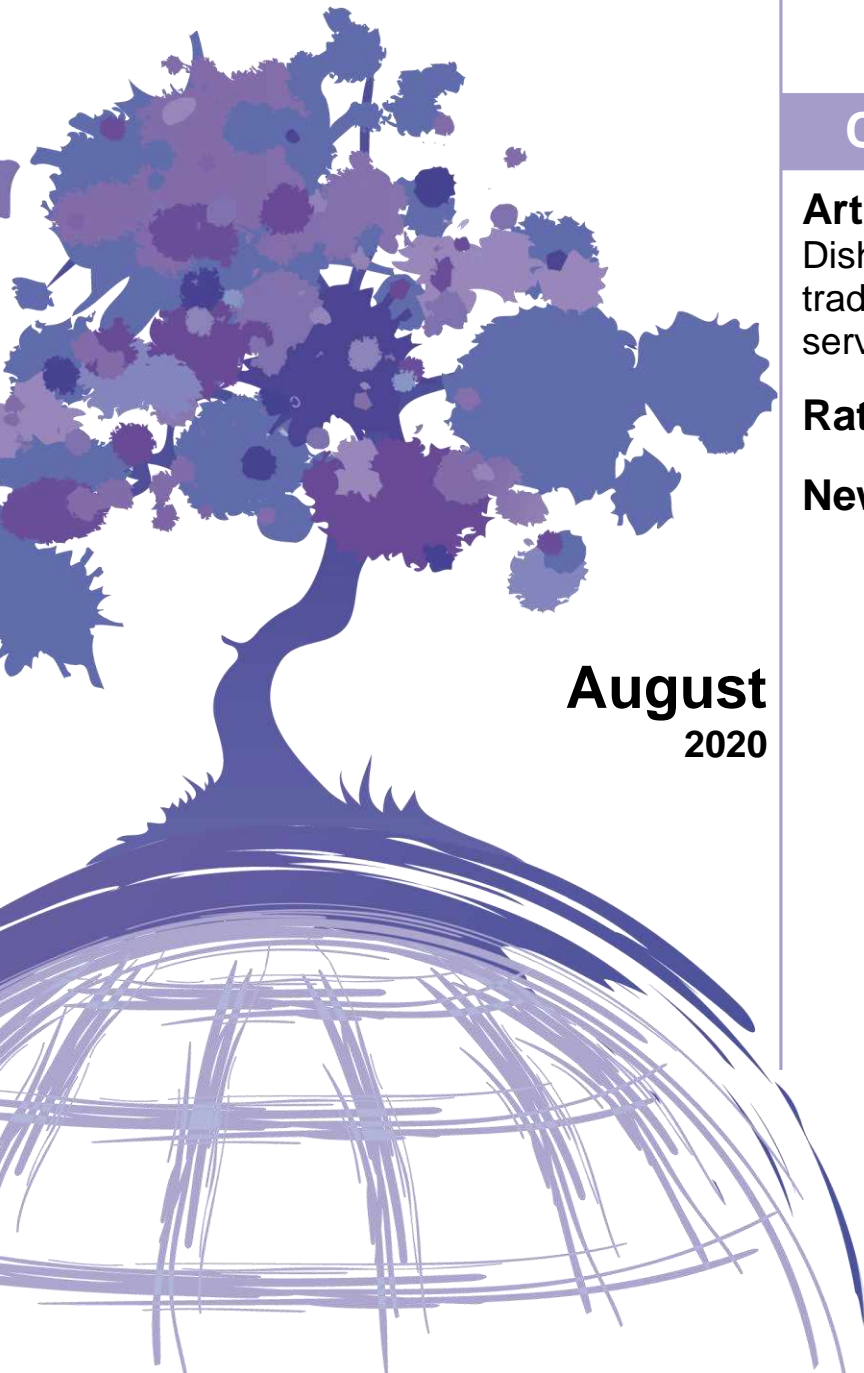
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Article

Dishonest adoption of a well-known trademark for dissimilar goods and services - A ground of infringement

By **Anoop Verma**

Introduction

The Delhi High Court in the case of *Bayerische Motoren Werke AG v. Om Balajee Automobile (India) Private Limited*¹ granted an *ad-interim* injunction to the plaintiff and restrained the defendants, from manufacturing, exporting, importing or offering for sale, advertising or in any manner dealing with goods, not limited to e-rickshaws, bearing the mark “DMW” or any other mark which is identical or deceptively similar to the plaintiff’s “BMW” trademarks.

The issue arose out of an interim application² filed by the Plaintiff - Bayerische Motoren Werke AG (“**BMW AG**”) for the grant of a permanent injunction for trademark infringement by the Defendant - Om Balajee Automobile (India) Private Limited (“**Om Balajee**”). BMW AG claimed that the defendant’s use of the mark “DMW” for automobiles infringes its worldwide well-known trademark, “BMW”. The Delhi High Court observed that the defendant was using the mark “DMW” for products which were distinguished from that of BMW AG and therefore, there will be no likelihood of confusion or deception among the consumers. However, the court also observed that the defendant had dishonestly adopted the mark “DMW” intending to take advantage of the reputation and goodwill of

“BMW”, which is likely to mislead an average man of ordinary intelligence. Hence, it was held that the use of “DMW” by the defendant on its product constituted infringement under Section 29(4) of the Trade Marks Act, 1999.

Facts

BMW AG is a world-renowned German automobile company founded in 1916 and is well-known for manufacturing and selling cars and motorcycles under the brand “BMW”, an abbreviation of its corporate name, across the world. The plaintiff has used BMW trademarks on cars, motorcycle, automobile, accessories, lifestyle, including readymade clothing, other goods, in relation to services including financial services. The global revenue figures for the years 2004-16 were placed on record along with the details of the advertising expenditures for said years. BMW AG registered its first device mark, in the year 1917 in classes 7, 8, 9, 11, and 12 and



since then owns several registrations for the same across the globe. BMW AG entered the Indian market in the year 1987 and since then was extensively and continually using its “BMW” trademark in the Indian market, as evidenced by the invoices placed on record. Within India, BMW AG owns numerous registrations of its “BMW”

¹ CS (COMM) 292/2017

² I.A. 4800/2017.

trademark covering goods and services in classes 7, 9, 12, 25, 28, 36, 37 and 39. The earliest Indian registration for the “BMW” trademark dates back to 1956 and covered goods in class 12.

The defendant, on the other hand, was involved in manufacturing, marketing, and selling of e-rickshaws, e-cart rickshaw, electric cargo, and electric loader under the mark “DMW”. BMW AG, on coming to know about the mark “DMW” which was used for similar products, sent a Cease and Desist Notice to the defendant Om Balajee in 2016, to cease the use of the mark “DMW” in relation to e-vehicles or any other goods. Om Balajee, in its reply refused to comply with the terms and conditions put forth by BMW AG. Hence, BMW AG filed the present suit before the Delhi High Court with an application seeking grant of a permanent injunction against the use of “DMW” mark by the defendant for any of its products.

Contentions of the parties

BMW AG, the plaintiff, contended that the defendant’s mark “DMW DESHWAR MOTOR WORKS”, was deceptively similar to its “BMW” trademarks, as “DMW” formed the prominent part of the defendant’s mark. It was pleaded that both “BMW” and “DMW” marks consisted of three letters, of which second and third letters “M” and “W” were identical, and that the defendant had just replaced the letter “B” with “D”. BMW AG plead that the mark of the defendant was visually and phonetically similar to “BMW”, and the same was used for similar goods. Therefore, the defendant had committed an act of passing-off.

BMW AG also contended that the defendant dishonestly adopted “DMW” mark to free ride on the goodwill and reputation earned by the plaintiff on its well-known “BMW” trademarks. Further, it submitted that dishonest adoption has now been recognized as an independent head under

passing-off. Reliance was placed by BMW AG on the Supreme Court Judgment in *Midas Hygiene Industries (P) Limited v. Sudhir Bhatia and Others*³.

In its defence, Om Balajee submitted that the marks “BMW” and “DMW” were not similar to each other, as there was a difference in colour, font, and size between the two marks. Further, the products sold under the “DMW” mark were different from that of “BMW”. Nature, class of buyers and trade channels of the products of Om Balajee were entirely different from that of BMW AG. Hence, the marks, “BMW” and “DMW Deshwar Motor Works” were not deceptively similar. It further contended that the present suit was barred by limitation as the defendant, Om Balajee has been manufacturing the products under the mark, “DMW” since 2013 and had also advertised its products under said mark in different States since 2013. Therefore, the existence of the defendant and its marks was known to BMW AG.

Further, in order to prove non-likelihood of deception and confusion in the minds of the consumers, Om Balajee contended that there was a considerable price difference in the products of the parties. Therefore, due to said cost difference, a consumer who deals with the e-rickshaw was not likely to confuse “DMW” with “BMW”, as the entry-level vehicle itself under the trademark “BMW” costs about INR 35 lacs. Reliance was placed by Om Balajee on the Supreme Court Judgment in the case *Nandhini Deluxe v. Karnataka Cooperative Milk Producers Federation Ltd*⁴., wherein it was held that price difference of the products is one of the factors to prove that there will be no likelihood of the confusion amongst the consumers.

³ MANU/SC/0186/2004: (2004) 3 SCC 90

⁴ MANU/SC/0779/2018: (2018) 9 SCC 183

Observations of the Court

The question of law formulated by the Delhi High Court was whether the two marks were deceptively similar to each other leading to confusion in the minds of consumers. The High Court also determined whether dishonest adoption in case of a well-known trademark was a ground of infringement and whether the present suit was barred by limitation?

To answer the same, the court relied upon several judgments pronounced by different Courts. For instance, *J.K. Oil Industries v. Ganpati Food Products & Ors.*,⁵ decided by the High Court of Jammu and Kashmir, *Amrit Dhara Pharmacy v. Satya Deo*⁶ and *Durga Dutt v. Navaratna Laboratories*⁷ decided by the Supreme Court.

The Supreme Court in *Durga Dutt v. Navaratna Laboratories*⁸, had held that if the essential features of the trademark of the plaintiff have been adopted by the defendant, no further evidence is required to prove the passing off by the defendant. The Delhi High Court while relying on said principle held there is clearly a visual and phonetic resemblance in the marks and the defendant had adopted the essential features of the trademark of the plaintiff. Such an adoption was *prima facie* a dishonest adoption, intending to take undue advantage of the worldwide reputation and goodwill of the brand of the plaintiff. Further, the mark of the plaintiff was a well-known trademark, and the use of the same by the defendant on its products constitutes an infringement within the meaning of Section 29(4) of the Trade Marks Act, 1999.

Further, regarding the question of the suit being barred by limitation, the Court relied on the

judgment of the Supreme Court in *Midas Hygiene Industries (P) Limited v. Sudhir Bhatia and Others*⁹, wherein it was held that mere delay in filing the infringement suit is not a sufficient ground to defeat grant of an injunction to the aggrieved party, especially, in case of dishonest adoption.

Accordingly, the Delhi High Court granted an ad-interim injunction to the plaintiff and restrained the defendants, from manufacturing, exporting, importing or offering for sale, advertising or in any manner dealing with goods not limited to e-rickshaws bearing the mark “DMW” or any other mark which is identical or deceptively similar to the plaintiff’s “BMW” trademark.

Conclusion

A mark is said to attain the status of a well-known mark when the mark has been continuously used and extensively promoted either within a territory or across the globe such that the public has started associating the mark with its proprietor and no one else, due to the extensive usage and promotion of the mark. A well-known trademark is protected under the Trade Marks Act, 1999 even against the use for dissimilar/disparate goods and services offered by other parties. The same can also be evidenced from the decision of the present case, wherein, the High Court held that mere dishonest adoption of a well-known trademark used for dissimilar goods and services is a valid ground of infringement.

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⁵ MANU/JK/0453/2017

⁶ MANU/SC/0256/1962: AIR 1963 SC 449

⁷ MANU/SC/0197/1964: AIR 1965 SC 980

⁸ MANU/SC/0197/1964: AIR 1965 SC 980

⁹ MANU/SC/0186/2004: (2004) 3 SCC 90



Ratio decidendi

Trademark protection when mark used in different class – ‘Reputation in India’ and ‘due cause’

In a case involving alleged infringement by use of the word “Coronil”, where the plaintiff was using it as “Corrosion – Nil” and defendants used it for “Coronavirus – Nil”, for different class of goods, the Madras High Court has held that there was a *prima facie* case for grant of interim injunction against the defendant. Observing that the words used in Section 29(4) of the Trade Marks Act, 1999, were “reputation in India” which does not mean “well known mark”, the Court rejected the plea of the defendant that the legislature actually intended to use the words “well known mark in India”. It observed that to maintain the sanctity of judicial discipline, the Court cannot by any stretch of imagination impute words not in the provision or in the statute. It relied upon the discussion which took place in Parliament when the Trade Mark Bill was moved, Section 11 of the Trade Marks Act relating to well-known marks and principles of interpretation of statute. It observed that the plaintiff had made a *prima facie* case of their mark being a reputed mark in India among the industrial fraternity in which they operated, as heavy industries situated across the length and breadth of the country knew about the product of the plaintiff.

The Court also held that if there was a doubt in the minds of the defendants themselves that their product will not cure Coronavirus, then there was no “due cause” to insist upon using the word “Coronil”, which amounted to taking unfair advantage of the registered trademark of the plaintiff. It observed that usage of the word “Coronil” and usage of the common pictorial

image of Coronavirus were misleading and could not be permitted.

Further, making the interim injunction absolute, the High Court also rejected the plea that the plaintiff’s registration was a complex registration, with droplets leading to the letter ‘A’ and then the name “CORONIL” and then the suffix ‘-’ with digits ‘92’ and ‘213’ and ‘space’ and the letters ‘B’ and ‘SPL’, and hence it cannot seek protection of a single portion of the mark “Coronil” alone. It observed that the only word which conveyed some meaning directly relating to the business of the plaintiff was the word “Coronil” which signified the quality of their product, and hence they were entitled for protection of their primary word. The Court was also of the view that it is not always obligatory that the whole or part must be registered as separate trademarks. The plea that the plaintiff can always oppose the registration applied for by the defendant and hence the suit will not lie, was also rejected by the Court observing that it would be extremely violative of Section 29(4) to ask the plaintiff to wait till the application for registration of the defendants is processed and then oppose such registration. [*Arudra Engineers Private Limited v. Pathanjali Ayurved Limited* – Order dated 06-08-2020 in C.S.No.163 of 2020, Madras High Court]

Computer program – Invention must be examined as whole, considering technical effect achieved and its technical contribution

The IPAB has allowed the appeal in a case where the Controller had earlier refused to grant patent to a computer program observing that the objections as regards lacking novelty as well as falling under Section 3(k) of the Patents Act

persisted. The invention taught delaying a hit to the web (internet) unless necessary parameters to construe the request were extracted from the user. The objective of the invention was to be able to get the desired information resource with a single “hit” to the web. It may be noted that the Controller in its impugned order was re-examining the petitioner’s Indian patent application, on remand by the Delhi High Court where the High Court had held that invention demonstrating technical effect/contribution are patentable even if based on a computer program [Refer L&S IPR Amicus for January and February 2020 for the earlier decisions].

Relying on the Guidelines for grant of patents relating to the Computer Related Inventions, 2013, the Board observed that the invention fell under at least 3 indicators of technical effect - higher speed, more economical use of memory and a more efficient data base search strategy. It was also of the view that mere fact that a computer program was used for effectuating a part of the invention, does not provide a bar to patentability. It held that the invention must be examined as whole, considering technical effect achieved and its technical contribution.

Further, elucidating the key differences between the present invention and the document D1, the Board observed that the Controller incorrectly identified D1 as the relevant prior art with respect to the present invention as both these inventions had different objectives and therefore provided different solutions. It noted that D1 not allowed the user to access a remote resource / information (not already available with the user), but merely allowed for selection of data items available to the user on the local station having static data or as a “more recent” data on the central station, while the impugned invention allowed a user to access a remote resource / information, not currently available to the user by any means, but available on the web. It held that

the Controller erred in stating that D1 was an advancement over the present invention and was limited to “structuring of query”. [Allani Ferid v. Assistant Controller of Patents & Designs – Order dated 20-07-2020 in OA/17/2020/PT/DEL, IPAB]

Copyrights – No cause of action based on trailer of film which was never released

Relying on the principle that there is no copyright in any idea, subject matter, theme or plot, the Delhi High Court has dismissed the writ petition in a case involving alleged violation of copyrights in a film script. The Court observed that there was no earlier film, based on the script of the plaintiff, which could form the basis of a claim to copyright. It noted that the plaintiff had based his cause of action on a script, which never came in the public domain, and public knowledge of which was sought to be attributed based on a trailer, for a film which never saw the light of day. The High Court also observed that the trailer was not made by the plaintiff and the makers of the trailer had not ventilated any claim for violation of copyright.

Holding that the plot revolving around a suitcase, carrying money, being lost, and various persons, including gangsters, chasing to get hold of it, was as old as the hills, the High Court observed that it can hardly be *prima facie* said that the script of the plaintiff’s screenplay can claim any novelty as could have been filched by the defendant. Further, observing that there were differences in the features, the Court held that the mere fact that certain plot points, as reflected in the trailer released on YouTube, may be common, cannot be the basis to claim copyright.

Rejecting grant of any interim injunction, staying the release of the film “Lootcase”, twenty-four hours before it is due for release, the Court

observed that the case *prima facie* constituted an example of the misuse of the judicial process. It noted that the story of the film was covered in the print as well as electronic media since September 2019, and there was no justification for the plaintiff approaching the Court on the eve of the release of the film. [*Vinay Vats v. Fox Star Studios India Pvt. Ltd.* – Judgement dated 30-07-2020 in I.A. 6351/2020 in CS(COMM) 291/2020, Delhi High Court]

Patents on divisional applications when cannot be refused

The Intellectual Property Appellate Board (IPAB) has allowed the appeal in a case where the Patent Office had refused to grant a patent on the divisional application on the ground that the claims of the divisional application were in conflict with those of the parent application. Observing that when the parent application was examined, it was held by the Controller that there were two sets of distinct inventions and thus few claims were deleted by the appellant (patentee), the Appellate Board held that the finding that claims in the present divisional application are in conflict with claims of the parent application was not acceptable. The Board was of the view that once the parent application is already examined it is [not] permissible to raise such type of issues unless, it is found that substantial amendments are made in the divisional application which enlarge the scope of invention claimed in the parent application. It observed that the hearing officer is not sitting in appeal over the finding given by the officer when parent application was examined. [*Procter & Gamble Company v. Controller of Patents and Designs* – Order dated 20-07-2020 in OA/47/2020/PT/DEL, IPAB]

Trademarks – Effect of multiple registrations outside India

The Intellectual Property Appellate Board (IPAB) has allowed the mark “SPARX” in Class 36 to proceed for registration in respect of ‘Mutual Funds, Investment advisory and asset and fund management services’, on a ‘proposed to be used’ basis. The Trademark Registry had earlier rejected the registration after finding the mark to be identical/deceptively similar to the marks “SPARSH” and “SPARK”. The IPAB however observed that objections raised under Section 11 of the Trade Marks Act, 1999 were not applicable as the Registry had not considered that the services covered under the rival marks were dissimilar and that they were catering to different classes of consumers. It noted that the impugned mark was being internationally used since 1989 and that the appellant had prior rights over the mark. It also noted that the Registry overlooked the fact that the appellant had multiple registrations for the mark in various jurisdictions and that the mark had acquired distinctiveness and had come to be exclusively associated with the appellant and its services because of use for more than three decades. The IPAB was also of the view that the question of ‘honest and concurrent use’ as elucidated under Section 12 does not arise as there is no identical mark on the register that is registered or used by any other entity in relation to Class 36. The Supreme Court’s decision in the case of *Toyota Jidosha Kabushiki Kaisa v. Prius Auto Industries*, as relied upon by the Registry, was distinguished by the IPAB. [*Sparx Group Co. Ltd. v. Senior Examiner of Trade Marks* – Order dated 27-07-2020 in OA/57/2020/TM/DEL, IPAB]



News Nuggets

Online platform operators whether at present liable in EU for illegal uploading of protected works

European Union's Advocate General has on 16-07-2020 opined that as per current regime in EU, online platform operators such as YouTube and Uploaded are not directly liable for the illegal uploading of protected works by the users of those platforms. According to the Advocate General, operators such as YouTube do not, in principle, carry out an act of 'communication to the public' themselves in such a case. The role played by those operators is, in principle, that of an intermediary providing physical facilities which enable users to carry out a 'communication to the public'. It was also stated that any 'primary' liability arising from that 'communication' is therefore borne solely by those users. The Advocate General in the dispute *Frank Peterson v. Google LLC*, however, proposed that the EU's Court of Justice rule that irrespective of the question of liability, right-holders may obtain injunctions against the operators of online platforms, which can impose obligations on the latter. It may be noted that EU's Directive 2019/790 on copyright and related rights in the digital single market, which is yet to come into force, introduces, for online platform operators such as YouTube, a new liability regime in such cases.

"Tigha" and "Taiga" – CJEU upholds General Court's finding of non-registrability of later mark "Tigha"

The Court of Justice of the European Union has upheld the decision of the General Court wherein the lower Court had in-turn also

dismissed the appeal against the order of the Board of Appeal of EUIPO rejecting the application for registration of mark "Tigha". The registration was opposed by the mark "Taiga", also within the same class, i.e. Class 25 (covering clothing) of the Nice Agreement. Rejecting the registration concerning specified goods, the Board had noted that the use of the earlier mark was proved for certain goods in Class 25 which were identical or similar to the goods covered by the mark applied for. The Board had also concluded that there was likelihood of confusion on the part of the public as the signs at issue were highly similar from a visual perspective, phonetically identical (at least for English-speaking consumers) and that those signs could not be linked to any concept for the majority of the relevant public. The CJEU in the case *ACTC GmbH v. EUIPO* [Judgement dated 16-07-2020] rejected the appellant's criticism that General Court failed to take into account the fact that clothing covered by the mark applied for were intended for different ranges of use, namely to cover, conceal, adorn or protect the human body, and were aimed at different publics and sold in different shops.

Blocking of websites violating copyrights – Directions to ISPs, DOT and MEITY

Observing that rogue websites which enable streaming of the creative works of the plaintiffs in which they have copyright, is a cause for concern, the Delhi High Court has restrained the defendants from communicating to the public any cinematographic work in which plaintiff had copyright. Certain Internet Service Providers were also directed to block access

to these specified websites. It may be noted that the Court in the case *Disney Enterprises, Inc. v. Kimcartoon.to* also directed the Department of Telecommunications (DOT) and

the Ministry of Electronics and Information Technology (MEITY) to issue necessary directions/notifications calling upon various ISPs, in general, to block access to these websites.

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