



# INTELLECTUAL PROPERTY AND TECHNOLOGY LAW UPDATES

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**Parallel Imports and International  
Exhaustion**

*By Shrabani Rout*

**Parallel Importation-The Concept**

The term “parallel importation” refers to goods produced and sold legally, and subsequently exported. ‘Parallel imports’ are genuine goods that are legitimately acquired from the rights holder and subsequently sold at lower prices through unauthorised trade channels in the same or a different market.

As parallel importation is essentially a trade practice, it is regulated under both IP law and competition law. In the trademark law context, parallel importation significantly affects the rights of a manufacturer or trader, as trademarks help traders to earn goodwill in the market and to protect their commercial reputation. As territorial rights, trademarks also indicate the source of the trademarked products or services. A conflict, therefore, arises when parallel importation results in a misrepresentation of the source, reputation or quality of the trademarked goods.

Parallel imports are also referred to as ‘grey-market’ goods because although the goods may be genuine, they are sold through unauthorized trade channels.

Parallel Imports basically constitute import of Non-Counterfeit or Genuine Goods from one country to another without the permission of the IP owner. The products are indeed legal, but are unauthorized because they are imported without the permission of the Proprietor. The products thus, imported are often termed as Grey Products (and not black, owing to the fact that they are genuine). The Parallel Imports cases are closely related to Trademarks and Copyrights issues and also equally to the International Trade Market, as practically observed when people import goods (for example books or mobile phones) which have Trademarks and Copyrights attached with them.

**Doctrine of Exhaustion**

Doctrine of Exhaustion means that an owner of a particular good ceases to have control over further sale of his goods once he has made a valid transaction of sale. In other words, if the trademarked goods are once put on the market by the owner or by his consent, and once purchased legitimately, the trademark owner or any one deriving his title from him cannot prevent further sale of such good, as the exclusive right to sell goods bearing the mark is ‘exhausted’ by the first sale; then the exclusive right to sell goods bearing the mark cannot be exercised twice in respect of the same goods. Hence, this doctrine is also called as the doctrine of first sale. What’s more - there are

different modes of exhaustion as well, which are recognized internationally.

1. Doctrine of International exhaustion works on the assumption that the whole world is one market or one country and thus goods once sold in any part of such market or country operates as exhaustion of rights of the trademark owner over such goods.

2. Doctrine of Regional exhaustion applies when goods bearing a trademark are first sold by or with the consent of the owner in any country, which is a part of any specific region, then the owner cannot prevent subsequent sale in his own country or in any other country which is also a part of that specific region. The European Union has adopted regional exhaustion.

3. Doctrine of National exhaustion stipulates that once a product has been sold in the domestic market for the first time by or with the consent of the owner, for which he has received a consideration, he then ceases to have control over any subsequent sale of the same in the domestic market, in the sense that he can neither prevent subsequent sale of the said product nor can he claim any profit arising from a subsequent sale nor can he sue for infringement of his trademark. The rationale behind this principle is that the owner has already derived a profit arising out of the first sale; hence, he

cannot keep deriving profit out of a sale that was not made by him.

### **Law in India**

In India, parallel importation is intricately linked to the principle of exhaustion of rights under the Trademarks Act, 1999. The principle of exhaustion of rights is enshrined in Article 6 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), which states that “nothing in this Agreement shall be used to address the issue of the exhaustion of intellectual property rights”. Hence, each state is entitled either to prohibit or to allow parallel imports within its own legal framework.

Two major issues that are often discussed in the context of parallel importation and trademarks in India are, whether parallel importation constitutes infringement under Section 29 of the Trademarks Act and whether India recognizes the principle of international exhaustion of rights under Section 30 of the Trademarks Act.

Two clauses had been incorporated in the Trade Marks Act under the pre-existing Section 30 viz. subclauses 3 & 4. Section 30 deals with limits on the effect of a registered trademark. The new subclause 3 prevents the trademark owner from prohibiting the sale of goods in any geographical area on grounds of trademark rights, once three goods under the registered trademark are lawfully acquired by another

person. Subsection 4 states that subsection 3 shall not apply when the condition of goods is changed or impaired after they have been put on the market.

The new provisions give a right to the proprietor of a registered trademark to oppose further dealings in the goods, if legitimate reasons exist. The new sub clauses 3 & 4 recognize the principle of 'exhaustion of rights' of the trademark owner.

Section 30 sub-clauses (3) and (4)[1] of the Indian Trademarks Act, 1999, deal with the exhaustion of rights after first sale of goods. From a cursory reading of the same, one would deduce that the intention of the legislature was to recognize domestic exhaustion only.

In the case of *Kapil Wadhwa v Samsung Electronics*, the main issue was whether the Indian Trade Marks Act, 1999, embodies the International Exhaustion Principle or National Exhaustion principle when the Registered Proprietor of Trade Mark places the goods in the market under Registered Trade Mark. The 1st plaintiff in the case was Samsung Electronics Company Limited, Korea and the 2nd plaintiff was its Indian subsidiary and exclusive licensee in India. The 1st plaintiff produced records to show 7 registrations for the mark "SAMSUNG" across classes 7, 9 and 11.

The defendant was admittedly an erstwhile authorized dealer of Samsung products, more specifically printers. The cause of action arose due to the sales of imported Samsung printers by the defendant. These "grey market" goods, though genuine Samsung printers, were, as per the plaintiff, not sold with due adherence to various statutory norms including affixing a MRP, not being given with a manufacturers guarantee, and most interestingly, "not earmarked to be sold in the Indian market". A further grievance was that the defendant was operating a website whereby the imported Samsung printers were offered at a price much lower than that of the plaintiffs and that the defendants used a technique of "deep hyper linking" to establish that they were connected with the plaintiffs. The court was pleased to pass an order, partially modifying the order dated June 3, 2011, passed in the local commissioner application and the goods were released to the defendants with few directions. Arguments raised by the defendant were, "It is a settled law that the import, sale or resale of genuine printers by the defendants does not amount to infringement, dilution and passing off. The plaintiffs cannot impose restriction on sale or resale of genuine products originating from the plaintiffs. The present acts of the defendants are permissible under Section 30 of the Act of 1999."

The defendants went into appeal and appeal was partially allowed. Impugned judgment and order dated February 17, 2012, was set aside in so far as the appellants have been restrained from importing printers, ink cartridges/toners bearing the trade mark Samsung/SAMSUNG and selling the same in India. The counsels for Plaintiffs (Respondents) submitted before the Court, that an ordinary customer, who is provided with the warranties and after sales service by the Defendant (Appellant) may form a bad impression of product of Plaintiffs (Respondents), which can lead to damage of reputation of Plaintiffs (Respondents). The Division Bench while setting aside the order of the Learned Single Judge directed the Appellants/Defendants to prominently display in their showrooms that the products sold by them have been imported from abroad and that the Respondents (Plaintiffs) do not give any warranty qua the goods nor provide any after service and that the warranty and after sales service is provided by the appellants personally. The Court also held that India follows International exhaustion of rights.

#### Conclusion:

Parallel importation has both legal and economic ramifications. Economically, it promotes the availability of trademarked goods at different prices, which prevents the establishment of a trade monopoly. A

monopolistic approach, in a parallel import-free market would lead to inflated prices of the goods sold by the trademark owner or authorised dealer. In the absence of cheaper alternatives, consumers would be obliged to purchase goods at the price set by the monopolist. This could have an adverse effect on the overall market, as well as on supply and demand.

Legally, it is essential to prevent deception and confusion among consumers regarding the source or quality of products, and to protect the economic interests of trademark owners. Only if the parallel imported products are materially different from those sold directly can a trademark owner file suit, including for passing off, falsification and infringement.

Therefore, the positive impact of parallel importation is that it forces prices down and provides consumers with goods at lower prices. Parallel imports prevent trademark owners from exercising their exclusive right to divide markets and thus, actually promote free trade, subject to the exhaustion doctrine followed in the particular country. The negative impact is that the manufacturer's distribution arrangements and ability to monitor the quality of trademarked goods are restricted. Parallel imports are also often used as a tool to cash in on the reputation and goodwill of the trademark

owner; this can give rise to an action for passing off.

While consumers may benefit from lower prices for trademarked goods, parallel imports do not necessarily guarantee quality assurance or an aftercare service, and may thus, result in consumer dissatisfaction and cause damage to the reputation and goodwill of the trademark. On a more practical note, however, the consumer as end user has the ultimate choice and is the ultimate beneficiary of parallel trade. Most consumers would purchase an Apple or Sony product from authorized dealers only and would be aware of the repercussions if they did otherwise. Similarly, in the case of pharmaceuticals, consumers would generally exercise extra caution and purchase the same from trusted distributors, chemists or hospitals.

## **IP Environment in India - An Insight on Opportunities and Threats**

**By Monika Shailesh**

India is believed to have an incredible potential to become one of the leading markets in the world and a hub for innovation, research and development. The intellectual property industry is also assessed to have a huge growth potential in the current Indian and Global context. India has proven its endurance by not only withstanding the global economic slowdown but has also emerged as one of the fastest growing economy across the globe. With slogans like “Creative India: Innovative India”, “Make in India”, India has been trying to position itself to be a pro-IP, knowledge-driven economy capable of competing with developed and developing countries in an array of industries. Lately, we have seen a paradigm shift towards acceptance of high quality and value-added ideas and innovations. Intellectual Property Rights (IPRs) are emerging as a strategic business tool for any business organization to enhance its competitiveness. Intellectual Property provides exclusive rights to the inventors or the manufacturer of the respective IP Property, which enables them to reap commercial benefits emanating from the innovative idea or design. IPR provides a sort of granted monopoly for a period, the idea of

which inspires innovators to come up with innovations and new ideas. IPR also provides an added advantage of safety from competitors and cloners.

Comprehending that invention is the engine for growth of affluence and national competitiveness in the 21st century; the President of India had declared 2010s as the ‘Decade of Innovation’. Declaration of 2010-2020 as the innovation decade can be seen as a desperate attempt towards making the Indian IP environment more healthy and supportive for the indigenous as well as the international innovators. The National Innovation Council (NInC) was setup under the chairmanship of Mr. Sam Pitroda, designated to act as adviser to the PM to discuss, analyze and help implement strategies for inclusive innovation in India and prepare a Roadmap for Innovation 2010-2020. Government of India approved the new IPR Policy 2016 on May 13, 2016.

The new IPR Policy targets to escalate awareness about and administer Intellectual Property in India. IP offices across the country are being transformed to increase the efficiency in processing the applications. Patent offices have been directed to ensure uniformity and consistency in the examination of applications. A roadmap to increase bilateral cooperation at global level and raise level of public awareness has been set up. Mass recruitment of patent and

trademark examiners is planned to take care of the ever-increasing backlogs.

Startups usually have inadequate possessions and manpower and can sustain in the cut-throat competition only through continuous growth and development-oriented innovations. For them, the Government of India has started a facility of faster allocation of patents under the “Tatkal” scheme. Startups are also charged a reduced patent examination fee. These facilities are also available to the innovators who file their patents first in India. The new rules sought to grant patent within two and a half years at first when the rules came to force and within one and a half year from March 2018 onwards which earlier used to take about five to seven years. To clear the backlogs, the government also allowed withdrawing the patent applications with application fee refunds.

Even after taking some major steps towards improving the overall IPR environment in the country, we still need to strike a balance in the IPR regime. Even though the government and officials make public statements to encourage the innovators, yet some of the policies and decisions seem to be against the protection of IP rights. It is obligatory for the administration to provide effect to the full essence and scope of the National IPR Policy, which endorses a host of methods including periodic review and changes to the existing IPR legal and regulatory

framework and creating a credible IPR enforcement system. Indian IP laws have many provisions for administrative, civil and criminal remedies for infringement of the IPR; however, ineffective enforcement is one of the biggest problems that inhibit the growth of IP in the country.

The Index which is created by the Chamber’s Global Intellectual Property Center (GIPC) has around 30 principles critical to innovation including patent, copyright and trademark protections, enforcement, and engagement in international treaties. According to the report the reason India scoring low rank was nonproliferation with the international best practices in IPR. It also mentioned that India needs to provide ample protection from online piracy and should strive to have proper law enforcement. The use of compulsory licensing, which is government’s permission to allowing entities to manufacture, use, sell or import a patented invention without the permission of the patentee, for commercial and non-emergency situations is a topic for discussion at various platforms.

### **Key Areas of Strength as per GIPC**

- The government of India continued to make positive statements during 2015 on the need to introduce a strong IP environment.

- Patentability requirements outside international standards; confirmed in 2015 Controller General Rulings.
- Regulatory data protection and patent term restoration should be made available.
- History of using compulsory licensing for commercial and nonemergency situations; expanded use being considered by the Indian government in 2015.
- 2015 Supreme Court ruling on notice and takedown requirements for copyright-infringing content limits' practical usability of already unclear system and laws.
- Poor application and enforcement of civil remedies and criminal penalties.
- Not a contracting party to any of the major international IP treaties referenced in the Index.

Taking positive cues out of the various reports the union government has taken some major steps in the direction of enabling the law enforcement agencies with weapons against Patent, Trademark and Copyright infringements. Government of India has launched a new mission where the Indian Police personnel will be equipped with special knowledge toolkit to identify and prosecute the IPR violations. The toolkit is jointly developed

by Cell for IPR Promotion and Management (CIPAM) and the Federation of Indian Chambers of Commerce and Industry (FICCI). The CIPAM has taken essential actions to build up a healthy IP environment in the country by creating various awareness programmes and organizing knowledge seminars. To further strengthen law enforcement and awareness in the state police, CIPAM has already organized seven batches of training for the police officials in Andhra Pradesh. Also, a three-day training programme was arranged for the APOs and other police officials in the state of Uttar Pradesh. CIPAM has also directed all the state police and judicial academies to introduce and take up training of the police and judicial officers on enforcement of Intellectual Property Rights. CIPAM is actively facilitating international engagements in the field of Intellectual Property Rights. Two MoUs on IPRs were recently signed with UK and Singapore. India-USA Workshop on Protection of Trade Secrets was successfully organized by CIPAM to discuss various aspects related to Trade Secrets and its impact on Industry.

### **CONCLUSION**

It is important to understand that creating innovation is of no use if we cannot assure the patent owner that his patent rights are protected by state through adequate law enforcement. We need a balanced approach towards creating a

stimulus for the betterment of the IPR industry as a whole. Recent developments in India like the New IPR policy, the initiatives taken by the National Innovation Council (NInC), an effective toolkit in the form of checklist that will act as a reckoner for the police to deal with IP crimes, encouragement to innovators in terms of speedy patent examination in case they file first in India - all form a part of much needed attempts to improve the overall security and encouragement to the innovators. The latest results from the Intellectual Property Index are admittedly a setback for us but we should heed the recommendations and should identify and act upon the areas that need improvement. We must also continue with our policies like compulsory licensing where it really matters like in the case of health care and medicines since it directly affects the poor who cannot afford the high cost of patented drugs. India still being a developing country needs to identify the exact areas to act upon based on international recommendations yet still not succumbing to international pressure.

## **Penalties and Reliefs mentioned under the Patents Act, 1970**

*By Aayush Sharma*

Patents Act, 1970, holds the patent law in India. All the measures related to patents have been covered in the Act. Chapter XX [Sections 118-124] of the Patents Act, 1970, deals with the provisions of penalties. In this article we will discuss the penalties and reliefs made in the act against deeds which are considered to be wrong or non-required.

Various parameters have been laid down by the patent office to impose penalties on any act which are forbidden by Patent law. These penalties are in form of either fine, imprisonment or both. Parameters such as providing false information to patent office, unauthorized claims of patent rights, failure to furnish information related to working of patent, wrongful use of word patent office, practice by unauthorized person i.e. non-patent agents, offence by companies etc. Further, we will also discuss regarding the reliefs in an action for infringement as defined under section 108 of the Patents Act, 1970.

### **Relief in an action for infringement**

Section 108 of the Patents Act, 1970, provides the reliefs which a Court may grant in any suit

for infringement include an injunction subject to such terms, if any, as the court thinks fit and damages or an account of profits. An order for delivery or destruction of infringer's articles may also be passed. The Court may also order that the goods which are found to be infringing and materials and implements, the predominant use of which is in the creation of infringing goods, shall be seized, forfeited or destroyed, as the Court deems fit under the circumstances of the case without the payment of any compensation.

### **Injunction**

An injunction is an order of a Court prohibiting someone from doing some specified act or commanding someone to undo some wrong or injury. Generally it is a preventive and protective remedy aimed at preventing future wrongs. Injunctions are mainly of two kinds:

1. Temporary/Interlocutory injunctions: Temporary injunctions are the Court orders which are in force for a specified time or until further orders of the Court. An interlocutory injunction may be granted at any time during the proceedings of the suit. The plaintiff may, at the commencement of the suit or any time during the suit, move the Court for grant of an interim injunction to restrain the defendant from committing and continuing to commit the acts of alleged infringement.

2. Final/Permanent Injunctions:  
Final/permanent injunction is such injunction which is granted at the termination of the trial. The time for which the final injunction is in force is the remaining term of the patent at the time of grant of final injunction.

### **DAMAGES OR ACCOUNTS OF PROFITS**

A successful plaintiff in a suit for infringement is entitled to the relief for damages or account of profits. However both reliefs cannot be granted together. There are certain cases when damages or account of profits cannot be granted. In a suit for infringement of a patent, damages or an account of profits shall not be granted against the defendant who proves the infringement was innocent and that at the date of the infringement the defendant had no reasonable grounds for believing that the patent existed.

Section 108 provides that the Court may either award damages or account of profits but both of them cannot be claimed together. The plaintiff has to prefer either of the two. The account of profits is determined on the basis of actual use of the patentee's invention by the infringer during the period of commission of the act of infringement. Account of profits is the part of profits which can be attributed to the use of the patentee's invention by the infringer.

- Contravention of secrecy provisions relating to certain inventions: In this case, if any person fails to comply with the directions given under section 35 or makes an application for grant of Patent in contravention of section 39 of the Patents Act, 1970, then he shall be liable for punishment with imprisonment for a term which may extend to 2 years or fine or with both.

- Falsification of entries in register etc: If any person makes false entry in the register of Patent or writes falsely purporting to be a copy of an entry in such a register, knowingly or unknowingly, he shall be punishable with imprisonment for a term which may extend to 2 years or fine or with both.

- Unauthorized claim of Patents rights: If any person falsely claims or represents any article sold by him as patented in India or if the article is stamped, engraved or impressed on or otherwise applied to the article - the word "patent" or "patented" or some other word expressing or implying that the patent of the article has been obtained in India or; that an article is the subject of an application for a patent in India, or if the article is stamped, engraved or impressed on or otherwise applied to, the article the word "patent" or "patented" or some other word expressing or implying that the patent of the article has been made in India, he shall be punishable with a fine which may extend to 1lakh rupees.

- Wrongful use of words “patent office”:  
If any person uses on his place of business or on any of the document issued by him the word patent office or in any other way which would lead to belief that his place of business or document issued by him are related to or connected with the patent office, then such offence shall be punishable with imprisonment for a term which may extend to 6 months or with fine, or with both.

- Refusal or failure to supply information:  
If a person fails to furnish or refuses any information which is false, and which he either knows or does not believe to be true, as required by the central government under section 100(5) of the Patents act, 1970 or any information related to working of patents which is require to be furnished under section 146 of the Patents Act, 1970,

He shall be punishable with fine which may extend to 10-lakh rupees or in case of providing false information as required under section 146; the offence shall be punishable with imprisonment which may extend to 6 months or with fine, or with both.

- Practice by non-registered patent agents:  
If any person contravenes the provisions of section 129, he shall be punishable with fine which may extend to 1lakh rupees in first offence and 5 lakh rupees in second offence.

- Offence by companies: If any company, or any and every person in charge thereof, is found responsible for the conduct of his/ their business at the time of commission of the offence shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

### **CONCLUSION**

Penalties have been introduced in the Patents Act to safeguard the interest of Patentees from the illegal activities. The penalties are in form of fine or imprisonment or both. Till now we haven't seen any case where patent office has issued penalties or found anyone guilty of doing any misdeed as defined under the act.

## **First Impression is the Last Impression: An analysis of the tests that must be used to differentiate between trademarks**

-By Samridh Ahuja

The author, through this article, draws a battery of tests that are and/or must be used while differentiating two different trademarks. This article lays down all the tests that the courts have used over the years while conducting the likelihood of confusion analysis. This would help in better understanding the Indian Trademark Law in practice.

### I. Statutory Provisions

#### A. SECTION 9 OF THE TRADE MARKS ACT, 1999

This section lays down the absolute grounds for refusal of registration of the trademark. The mark could be refused on the basis of the following:

- RULE 1 [as laid down in Sub-section (1)] –
  - The mark lacks distinctiveness.
  - The mark is descriptive of the characteristics of the goods or services.
  - The mark consists exclusively of marks or indications which have become customary or bonafide in the established practices of the trade.

EXCEPTION [as laid down in proviso to sub-section (1)] - There are scenarios where Rule 1 would not apply to the situation in hand:

i. When the mark has acquired distinctiveness over its course of business or trade. OR

ii. When the mark is a well-known mark.

- RULE 2 [as laid down in sub-section (2)] –

- The nature of the mark is such that it is likely to deceive the public.

- The nature of the mark is such that it is likely to hurt the religious sentiments.

- The mark consists of obscene or scandalous matter.

- The use of the mark is prohibited under the Emblems and Names (Prevention of Improper Use) Act, 1950.

- RULE 3 [as laid down in sub-section (3)] – The shape of goods which results from the nature of the goods themselves; or

- The shape of goods which is necessary to obtain a technical result; or

- The shape which gives substantial value to the goods.

## B. SECTION 11 OF THE TRADE MARKS ACT, 1999

This section lays down the relative grounds for refusal of registration of the trademark. The mark could be refused on the basis of the following:

- RULE 1 [as laid down in Sub-section (1)] –The mark is identical to an earlier trademark and the goods/services associated with the mark are similar to the earlier trademark. And there could be a likelihood of confusion w.r.t. to the source of goods.
- RULE 2 [as laid down in sub-section (2)] –The mark is identical to an earlier trademark, and the earlier trademark is a well-known mark. Therefore, the use of such a mark would allow the applicant to gain unfair advantage over others or damage the reputation of the earlier trademark even in situations where the goods may not be similar.
- RULE 3 [as laid down in sub-section (3)] – The use of the mark is prohibited in India by virtue of any law - say by virtue of the law of passing off and by virtue of law of copyright.

## C. SECTION 12 OF THE TRADE MARKS ACT, 1999

This Section allows the registration of “honest concurrent users”. In order to avail this

advantage, the applicant must be bonafide prior or concurrent user.

## II. Case Laws

### i. AMRITDHARA PHARMACY V. SATYADEO GUPTA (1962)

In this case, the courts did a likelihood of confusion analysis between two marks, namely, “AMRITDHARA” (Opponent’s Mark) and “LAKSHMANDHARA” (Applicant’s Mark). Both these marks were being used for a medicinal preparation, where “AMRITDHARA” was in use since 1901, much before the Applicant’s mark i.e. “LAKSHMANDHARA” came into existence.

The courts, in this case set down rules/guidelines, the essence of which echoes till today. The courts laid down the test for determining if the two marks were similar.

Two Important Tests:

- Reasonable Man’s Test: The differentiation of the two marks must be done from the point of view of a man with average intelligence and imperfect recollection.
- Overall Impression Test: According to this test, we must see the overall impression of the two marks. This includes the overall phonetic and visual similarity of the two marks.

The court, in this case, remarked that a man would have to be “unusually stupid” or must be a fool or an idiot to be deceived between the two marks. The overall impression of the two marks showed obvious differences.

ii. F. HOFFMANN-LA ROCHE & CO. LTD. V. GEOFFREY MANNER & CO. PVT. LTD. (1969)

This is another landmark case that is integral to Indian Trademark Law in practice. This case reiterates and then clarifies the law laid down in Amritdhara Case.

The Test:

- Totality Test: It is important that while comparing the two marks, one must compare the mark as a whole. The practice of taking a portion of the word and saying that it is different from the other mark is not a right practice. The marks must be compared in totality to ascertain if any deception or confusion exists.

This rule is an extension of the rule already laid down in the previous case

iii. CADILA HEALTH CARE LTD. V. CADILA PHARMACEUTICALS LTD. (2001)

This case deals with the issue of Differentiation of Trademarks in the medical field. The court uses the same tests as laid down in the Amritdhara case, but demands a strict scrutiny

in case of pharmaceutical products. Court remarks that the tablets “FALCITAB” and “FALCIGO” both are used in the treatment for ‘cerebral malaria’ commonly known as Malaria Falciparum. The court feels that even though one of the tablets is a prescription drug and is not easily available across the counter; the drugs have marked difference in the compositions with completely different side effects, therefore strict scrutiny is a must, as without it, there could be fatal consequences.

The court further goes on to state that when comparing the two marks, segregation of words to differentiate the two marks is a dangerous practice and must not be adopted. Thus affirming the rules as laid down in the previous cases.

Consequence

This comes as a warning to all the trademark users, who earlier thought that they would not fall under the scrutiny; thus minimizing misuse of trademark name for unfair gains.

iv. METROPOLITAN TRADING COMPANY V. SHRI MOHANLAL AGARWAL & ORS. (2007)

In this case, the Appellants, who are registered proprietors of the Trademark “ZODIAC” in respect of readymade garments and handkerchiefs, filed an opposition against the Respondents, who were using the similar

Trademark “ZODIAC” in respect of shirtings and suitings. The Courts in this case, talk about the test for establishing distinctiveness. The courts go on to say that since appellants had been using the mark prior to the respondent since the year 1960, continuously and extensively, for a period more than three decades, the mark had acquired distinctiveness. While, the respondents had been using the mark since 1983 for a short period of time and it did not acquire distinctiveness and therefore, did not qualify for registration.

v. THE ROYAL BANK OF SCOTLAND GROUP PLC V. SHAREKHAN LIMITED (2014)

This case also further elaborates and clarifies the “overall impression test”.

A quote from the judgment has been cited below for better understanding.

“35. The test of comparison of the marks side by side is not a sound one since a purchaser will seldom have the two marks actually before him when he makes his purchase. The eye is not an accurate recorder of visual detail and marks are remembered by general impression or by some significant detail rather than by any photographic recollection of the whole. While judging the question as to whether the defendants have infringed the trade mark by colorable imitation of the mark or not, the Court

has to consider the overall impression of the mark in the minds of general public and not by merely comparing the dissimilarities in the two marks.”

This case is very important with respect to the issue of cross-border reputation. The court looked at various factors to establish if the mark “MAXTRAD” has cross-border reputation / spill-over reputation or not:

- Long & continuous use- In use since 1999; date of use in India: 2004
- Global presence- Registered in over 29 countries
- Advertisements/promotion/social media presence of the mark- Website- [www.maxtrad.com](http://www.maxtrad.com)
- Revenue- Excess of 10 Billion USD in the year 2012

vi. TOYOTA JIDOSHA KABUSHIKI KAISHA V. PRIUS AUTO INDUSTRIES LTD. AND ORS. (2017)

This case is a landmark since it lays down the rule for establishing cross-border reputation in India. The Court remarked that even if Toyota was a prior user of the mark “PRIUS” outside of India, which was highly advertised over the internet and news channels, the mark failed to show/prove its reputation in India during the time defendant started using the mark “PRIUS”

in India in the year 2001. The court also made a very important observation that IP rights are territorial and not global.

### Consequence

Use of a mark outside India or a trans-border reputation of a mark in India may not be enough to sustain a registration if it is attacked on grounds of non-use. Some use of the mark in India is required.

### III. CONCLUSION

The author, through this article, has tried to establish the perpetual existence of the “overall impression test” which has been used by the courts to differentiate between two trademarks. The judgments over the years have only broadened the meaning of the term “overall impression” with regards to Trademark law, but the essence of the test remains the same. But it must also be noted that not every case is an easy case, and there might be situations where two marks have the exact same words, like it was in the case of Metropolitan Trading Company or there might be situations where the mark has reputation outside India, which spills over to India as well, like in the case of Royal Bank of Scotland Group. In these cases, the courts have looked into the test for distinctiveness and/or the concept of cross-border reputation, over and above the overall impression test. This all points

to the progressive nature of the Indian Trademark law in practice.