

Implications of the Prius Judgment for Trans-Border Reputation and Passing-Off in India

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Abstract

The old Indian trademark statute, the Trade and Merchandise Marks Act, 1958 was repealed by the Trade Marks Act, 1999. The Indian Courts have rendered many trademark decisions under both these statutes, where rights based on trans-border reputation of an overseas plaintiff's marks were upheld based on the doctrine of universality, which states that a mark should signify the same source globally. However, in 2017, the Supreme Court of India rendered a judgment in the Prius Case, preferring the doctrine of territoriality of trademarks over the 'universality' doctrine. The "territoriality" doctrine stipulates that a trademark should be recognized as having a separate existence in each country. The authors conclude that the Supreme Court's Prius judgment took a sudden U-turn from the well-settled 'universality' principle to the 'territoriality' principle without assigning any reasons for such a departure and without discussing why its own earlier judgments such as Whirlpool and Milmet Oftho are irrelevant. The Prius judgment has spawned a series of judgments of the High Court of Delhi, declining injunction to overseas plaintiffs on the stricter application of the "territoriality" test. The impact of the Prius line of cases in India for overseas plaintiffs would be that they must meet a higher threshold test of transborder reputation through cogent documentary evidence by way of advertisements in English and other local language regional dailies to reach to rural areas and document all promotional as well as unsolicited media attention directed at the Indian market. Despite the continuing territoriality judicial approach, the article concludes on a hopeful note that the Prius case and its progeny is not the last word in deciding issues of trademark rights based on trans-border reputation.

Introduction: Trans-border Reputation in India

In common-law trademark jurisprudence, trans-border reputation refers to a scenario where the reputation of a mark, in a specific geographical territory, is so strong that it spills over to another country, even if there is no use or registration of the mark in the latter. To establish such reputation, the claimant would typically have to demonstrate that the trade and the public in the country of enforcement associate the mark in question with a given source or manufacturer.

"Universality" v. "Territoriality" approaches to TRADEMARK enforcement

The World Trade Organization's (WTO) TRIPs agreement, which India acceded to from January 1995, is today the de-facto constitutional law of intellectual property rights (IPRs) applicable to all WTO members. It prescribes minimum uniform standards for its members for the protection and enforcement of IPRs including trademark rights.

The Indian courts have traditionally played a pioneering role in applying and creatively crafting the principles of passing off and unfair trade competition to restrain unauthorized use of well-known trademarks in India without any domestic bias on the basis of transborder reputation even if the owners of these marks do not carry on business or have no business presence in India. It was consistently held that transmission of reputation in India through the inter-change of visitors between India and the rest of the world, publicity in international magazines enjoying circulation in India etc. was a good enough basis for overseas plaintiffs to maintain successful passing off actions.

The jurisprudence in the protection of well-known trademarks in India dates back even before the TRIPS Agreement took effect in India or the passing and implementation of the new trademark statute in 2003. The approach followed by the Indian courts was based on the ‘universality’ doctrine and was consistent with the judicial opinions elsewhere in the world. This approach followed by the Indian Courts has categorically rejected the hardline “territoriality” approach. The hardline “territoriality” approach to ‘goodwill’ is best exemplified in the English Budweiser judgment¹ which continues to be the view of the courts in England till date. The Budweiser case related to the sale by the claimant of beer only to English military and diplomatic establishments and the House of Lords as it was known at the relevant time held that these sporadic sales could not be construed as business by the claimant to entitle it to an injunction in England. Though the UK Supreme Court had an opportunity to review the ratio in the Budweiser line of cases in “*Starbucks (HK) Limited and another vs. British Sky Broadcasting Group PLC and others*”², it refused to do so and held that:

“It seems to have been the consistent view of the House of Lords and Privy Council from 1915 to 1990 that a Plaintiff who seeks passing-off relief in an English court must show that he has goodwill, in the form of customers, in the jurisdiction of the court.”

This hardline approach has been rejected elsewhere in the world as well. For example, in *ConAgra Inc. vs. McCain Food (Australia) Pty Ltd.*³, the Federal Court of Australia held that it is “no longer valid, if it ever was, to speak of a business having goodwill or reputation only when the business is carried on and opined that the “hard-line” cases in England conflict with the needs of contemporary business and international commerce” and that, “it is not necessary that a plaintiff, in order to maintain a passing-off action, must have a place of business or a business presence in Australia; nor is it necessary that his goods are sold here”, that it would be “sufficient if his goods have a reputation in this country among persons here, whether resident or otherwise”.

THE “PRIUS CASE”: SUPREME COURT OF INDIA (2017)

However, after a judgment of the Supreme Court of India in late 2017 (“the Prius judgment”⁴), concerns have been raised by well-known trademark owners and IPR enthusiasts equally whether the jurisprudential pendulum in India has moved away from the ‘universality’ approach to the ‘territoriality’ approach characteristic of the aforesaid restrictive English approach. Much has been written on the judgment and its ramifications for protection of well-known marks through trans-border reputation in India.

This article traces the history of well-known mark protection through trans-border reputation under two of India’s trademark statutes, namely, the Trade and Merchandise Marks Act, 1958 (“the 1958 TMM Act” or “the old TM statute”) and the Trade Marks Act, 1999 (“the TM Act”). Thereafter, it proceeds to analyze the Prius judgment and its progeny and

¹ Anheuser-Busch Inc. v. Budejovicky Budvar N P [1984] F.S.R. 413 (Eng.)

² Starbucks (HK) Limited v. British Sky Broadcasting Group PLC [2015] UKSC 31.

³ ConAgra Inc. vs. McCain Food (Australia) Pty Ltd. [1992] FCA 176 (Austl.).

⁴ Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd. (2018) 2 SCC 1.

concludes why it is not the last word on well-known trademark protection through trans-border reputation in India.

I. Evolution of the “Universality” Principle

The 1958 TMM Act

- (1) The 1958 TMM Act was modelled on the UK trademark statute and had no specific provision addressing the protection of reputation enjoyed by a mark without use or registration of the mark in India. However, Section 27(2) thereof saved rights of passing-off for unregistered trademarks. Reputation and goodwill of a mark are pre-requisites for any passing-off action, and there have been several pre-TRIPs passing-off cases dealing with trans-border reputation.

Some of these landmark cases are noteworthy:

- (2) In 1986, in *Centron Industrial Alliance Limited & Another v. Gillette UK Limited*⁵, Gillette, the maker of well-known 7‘O’ clock safety razor blades succeeded before the High Court of Bombay in injunctioning a local defendant from using a deceptively similar mark “7-UP” together with the device of a clock face with its hands at “7” in respect of safety razor blades. The injunction was granted by the High Court despite the prevailing import restrictions in India affecting free commercial availability of all consumer goods of daily use including razor blades. The High Court noted that publicity related to a consumer article such as safety razors, is not generated merely by advertisements in India since such goods are advertised in foreign newspapers and magazines, having circulation in India. Additionally, it was noted by the Court that a large number of Indians who visit other countries would have had the opportunity to use Gillette’s 7‘O’CLOCK razors.

The Court thus observed:

"It is not possible for us at this stage at least to accept the submission that there was no user at all in India or not sufficient user as to amount to destruction or abandonment of the plaintiffs' goodwill and reputation. It is now equally not possible to accept the submission that the goods of the plaintiffs had lost their distinctiveness and had ceased to be associated in the minds of possible consumers with the goods of the plaintiffs on account of the policies of the Government of India as a result whereof the commercial user in India had become restricted."

- (3) In 1988, a two-judge bench (the Division Bench) of the Bombay High Court once again held in favour of the 7‘O’CLOCK mark in *Kamal Trading Co. & Ors v. Gillette UK Limited*⁶ and restrained an Indian trader from using Gillette’s registered trademark “7‘O’ CLOCK” in respect of tooth brushes. The injunction order was granted despite the fact that Gillette had no business presence in India due to the prevailing import restrictions in relation to all consumer goods of daily use. In issuing the injunction, the High Court specifically rejected the “territoriality” doctrine espoused in the UK decision in *Anheuser-Busch Inc. v. Budejovicky Budvar NP* (“Budweiser case” supra). Rejecting the ratio of the “Budweiser case” and expressing its dissent from the English hard-line “territoriality” approach to passing-off claims, the DB held that:

"it is not possible to conclude that the goodwill or the reputation stands extinguished merely because the goods are not available in the country for some duration. It is

⁵ *Centron Industrial Alliance Limited v. Gillette UK Limited*. Appeal No. 368 of 1986 (Bombay High Court- July 24, 1986)

⁶ *Kamal Trading Co. v. Gillette UK Limited*, 1988 (8) PTC 1 (Bombay).

necessary to note that the goodwill is not limited to a particular country because in the present days, the trade is spread all over the world and the goods are transported from one country to another very rapidly and on extensive scale.... the goods, though not available, are widely advertised in newspapers, periodical, magazines and in other media.” (at page 8)

(4) In 1991, a single judge of the Delhi High Court in *Apple Computer Inc. vs. Apple Leasing*⁷, enjoined a local defendant from using (i) the word “APPLE”, “APPLE COMPUTER” or its deceptive variations as part of the legend, “APPLE COMPUTER EDUCATION”, for computer education services or otherwise in the course of trade and (ii) the deceptively similar device of a half-bitten apple as that of the plaintiff. The plaintiff had no business in India at the time due to import restrictions.

Agreeing with the Bombay High Court in the Gillette case (supra), the Delhi High Court rejected the hard-line English approach to goodwill. Further, rejecting the defendant’s invitation to follow the English law as the Indian statute was based upon English law, the High Court went on to traverse the views of various courts in different jurisdictions and held that:

“the world opinion in regard to passing-off seems to be that the English view is not the correct one. The Courts in New Zealand, Australia, Canada and India have deviated from the Budweiser’s case, and I am inclined to accept that the view other than the English view is a more appropriate one in the light of current exchange (sic) the information and knowledge which is prevalent between various countries of the world, and also because of exchange of information, and movement of newspapers, magazines, videos, motion pictures and movement of people.”

In 1996, the Supreme Court of India in *N R Dongre & Ors v. Whirlpool Corporation & Anr*⁸ settled the principles of trans-border reputation in trademark passing-off disputes. Affirming the “universality” approach followed by the High Courts of Delhi and Bombay, the Supreme Court confirmed the order of injunction granted against the local defendant from using the trademark “WHIRLPOOL” in respect of washing machines. The injunction order was passed despite:

- (i) the fact that the US company did not have any subsisting trademark registration in India.
- (ii) it had no business presence in India.
- (iii) it could only show sporadic sales of its washing machines to the US Embassy and USAID offices in New Delhi.
- (iv) there were advertisements in various publications enjoying circulation in India.

The Supreme Court agreed with the findings of the Single Judge and the Appellate Two-Judge Bench (DB) of the Delhi High Court that the transborder reputation of ‘WHIRLPOOL’ for washing machines had spilled over into India. The Single Judge had noted as follows:

“....., suffice it to say that in spite of non-registration of the trade mark in India, the plaintiff was trading in Whirlpool products in several parts of the world and also sending the same to India though in a limited circle. Whirlpool associated with the plaintiff No. 1 was gaining reputation throughout the world. The reputation was traveling trans-border to India as well (sic) through commercial publicity made in magazines which are available in or brought in

⁷ *Apple Computer Inc. vs. Apple Leasing*, 1992 (1) ArbLR 93.

⁸ *N R Dongre v. Whirlpool Corporation*, 1996 (16) PTC 583 (Supreme Court of India)

India. These magazines do have a circulation in the higher and upper middle-income strata of Indian society. Washing machine is a household appliance used by the middle and upper class of the society". (at page 588)

Upholding the views of the Single Judge, the DB had held as follows:

"From the aforesaid facts, we are prima facie of the opinion that the trade mark 'WHIRLPOOL' has acquired reputation and goodwill in this country and the same has become associated in the minds of the public or potential buyers with the goods of the first respondent. Even advertisement of trade mark without existence of goods in the market is also to be considered as use of the trade mark". (at page 590)

THE CASE LAW UNDER THE NEW 1999 TM ACT EFFECTIVE 2003

With the implementation of the new Trademarks Act in 2003, the principles of transborder reputation as a basis for enforcement of well-known/reputed trademarks found a statutory recognition in:

- (i) in the definition of "well-known trademarks".
- (ii) the procedure for listing of a trademark as a well-known trademark at the TM Office.

Underlying all these provisions is the overriding theme that use or registration in India is not a requirement for recognition and enforcement as a well-known trademark.

The ratio of the Supreme Court's *Whirlpool* opinion on trans-border reputation came to be followed in several of the subsequent cases decided under the new TM Act.

- (5) In 1997, a DB of the Bombay High Court in *Aktiebolaget Volvo of Sweden v. Volvo Steels Ltd. Of Gujarat (India)*⁹, held in favour of the Swedish automobile company with no business in India, that trans-border reputation has been recognized by Indian Courts and that it is not necessary to prove actual sale, if the presence of a plaintiff in India and goodwill and reputation are demonstrated.
- (6) In 2001, a Single Judge of the Delhi High Court in *Rainforest Café Inc v. Rainforest Café and Ors*¹⁰ held that, even though the American corporation, Rainforest Café Inc, had no restaurant business in India, the fact that it had received several trade inquiries from India was sufficient to injunct a local defendant who adopted the identical mark 'Rainforest Café: A Wild Place to Eat' for his restaurant.
- (7) In 2002, another Single Judge of the Delhi High Court cited the *Whirlpool* case and held in favour of the American cosmetics company, Jolen Inc¹¹, which had no business activity in India at that time, by restraining a local defendant who adopted an identical mark and get up for identical goods.
- (8) In 2004, the Supreme Court in *Milmet Oftho Industries & Ors v. Allergan Inc*¹², rejected an appeal from a local defendant who had adopted an identical mark OCUFLOX for a medicinal preparation, holding that the mere fact that the plaintiff had not been using the mark in India would be irrelevant if they were the first in the world market.

However, the Supreme Court added a note of caution :

".... if a mark in respect of a drug is associated with the Respondents worldwide it

⁹ *Aktiebolaget Volvo of Sweden v. Volvo Steels Ltd. of Gujarat*, 1998 (18) PTC 47 (Bombay).

¹⁰ *Rainforest Café Inc. v. Rainforest Café*, 2001 (21) PTC 353 (Delhi).

¹¹ *Jolen Inc. v Doctor & Company*, 2002 (25) PTC 29 (Delhi).

¹² *Milmet Oftho Industries & Others v. Allergan Inc.*, 2004 (28) PTC 585 (Supreme Court of India).

would lead to an anomalous situation if an identical mark in respect of a similar drug is allowed to be sold in India. However, one note of caution must be expressed. 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". (at page 588)

- (9) In *Austin Nichols and Co. and Seagram India Pvt. Ltd. Vs. Arvind Behl, Director, Jagatjit Industries Ltd. and Jagatjit Industries Ltd.*¹³, a Single Judge of the Delhi High Court rejected the defendant's claim that it was a prior user of the mark 'BLENDERS PRIDE' in India since 1994 in respect of whiskey when the plaintiff was not even present in India.

Citing the Supreme Court's *Milmet Offho* opinion (supra), the judge noted that nowadays goods are widely advertised in newspapers, periodicals, magazines and other media available in the country resulting in a product acquiring a worldwide reputation, holding:

"I would, therefore, hold that the Plaintiffs having come out with Blenders Pride whisky first in the international market were first past the post; even though the Defendants were the first do (sic) so in India. The fact that the product of the Plaintiffs was not manufactured or sold in India from 1973 (when it first entered the market) till 1995 when it became freely available in India, is of no consequence." (at page 149)

- (10) In 2008, a DB of the Delhi High Court in *Kiran Jogani & Anr v. George V Records, SARL* found merit in the plaintiff's claims of transborder reputation in its mark BUDDHA-BAR and held:

"It is not as if there is a motivated article in one newspaper or magazine, but the vast coverage given to the restaurant and the music in international press and the magazines including transmission of programs through television channels to show even the participation of Indian designers. It is this which seems to have awakened the appellants-defendants to think of utilizing the trademark BUDDHA-BAR as it has failed to give any other justification as to how it deciphered the mark BUDDHA-BAR."

- (11) In *Boehringer Ingelheim Pharma GMBH & Co KG v. Premchand Godha & Anr*¹⁴, decided in 2013, a Single Judge of the Delhi High Court accepted the plaintiff's claim of transborder reputation in respect of its MUCOSOLVAN cough syrup, holding that:

".....The Internet is today a major site for advertisement of products which include medicinal preparations. In Jolen Inc. v. Doctor and Company (2002) 2 CTMR 6, the Court noted that "Mere advertisement in other countries is sufficient if the trade mark has established its reputation and goodwill in the country of its origin and countries where it is registered." (at page 348)

In holding so, the Court affirmed that what is to be seen is, whether the plaintiff was prior in use in the world to the defendants.

¹³ *Austin Nichols and Co. & Seagram India Pvt. Ltd. v. Arvind Behl, Director, Jagatjit Industries Ltd.* 2006 (32) PTC 133 (Delhi).

¹⁴ *Boehringer Ingelheim Pharma GMBH & Co KG v. Premchand Godha*, 2014 (57) PTC 339 (Delhi).

(12) In *MAC Personal Care Pvt Ltd & Ors v. Laverana GMBH & Co KG & Ors*¹⁵ in 2016, a DB of the Delhi High Court upheld the transborder reputation claim of the German plaintiff in its trade mark LAVERA adopted in 1980 for cosmetics products, holding:

- (i) the existence of a merchant on a webpage of foreign origin was sufficient to show the transborder reputation even if it had no activity in India at the relevant time.
- (ii) the advent of newer communications technologies has enabled an average Indian with a hand-held cell phone to access and view international trademarks with such ease that the spill-over factor in transborder reputation has become quite easy to establish.

From the aforesaid review of the leading judicial precedents over the past decades, it is obvious that the Indian courts were willing to adopt and apply the ‘universality’ approach to the claims of transborder reputation without any domestic bias. These judgments have undoubtedly placed greater reliance on technological developments to establish transborder reputation of a mark reaching India. However, even in the 1980s, when India was untouched by major technological developments including satellite television channels or the internet, Indian courts had taken note of the legal developments around the world and kept pace therewith. This is clear from the Bombay High Court’s view in the Gillette case above that the goodwill acquired by a manufacturer cannot just be limited to the country where the goods are freely available because these goods are widely advertised in newspapers, periodical, magazines and in *other media* (emphasis provided).

In all the cases discussed above, the courts in India have delved into the question as to whether the plaintiffs were prior in use in the world to the defendants’ local use in India. Lack of use or physical presence in India was not considered relevant in assessing passing-off in these cases, provided the plaintiffs were the first in the world market. Honesty of adoption was another relevant factor taken into account by the courts while considering the defendants’ pleas.

However, while upholding the transborder reputation claim, the courts took care to strike a balance and sound a note of caution: while foreign multi-national companies, having no intention of entering India, cannot be allowed to restrain an Indian company from using its mark that it has genuinely adopted and first introduced in the market, if the plaintiff’s mark possesses a worldwide reputation, it cannot be ignored. If the defendant is in the same field/business as the plaintiff, the courts have consistently held that it is highly unlikely that the defendant was unaware of the existence of the plaintiff’s mark in other countries and its accompanying global reputation. Another interesting pattern in these cases has been the foreign plaintiffs’ ability to successfully rely on evidence of use from the internet such as pages from websites like drugs.com, Google Analytics web pages, social media pages etc., as opposed to traditional documentary evidence in the form of sales invoices. In this day and age where the access to the internet and its undisputed influence on users can be seen across the world and increasingly so in India with a staggering 1.3 billion population (of which .63 billion is reported to have internet access through smart phones), it is only likely that the role of the internet in helping foreign plaintiffs to establish their case of spill over and transborder reputation will assume even more importance in the future. The role of the social media in particular, which is followed by millions of people internationally, including in India, will significantly help in making the spill-over factor easier to establish.

¹⁵ *MAC Personal Care Pvt Ltd & Ors v. Laverana GMBH & Co KG*, 2016 (65) PTC 357 (Delhi).

II. Prius case: A reversal of the “universality”

APPROACH?

In December 2017, the Supreme Court passed an exceptional decision in *Toyota Jidosha Kabushiki Kaisha v. M/s Prius Auto Industries Limited*²⁴ when it diluted its own findings in *Milmet Oftho* and denied relief in a passing-off action initiated by Toyota Jidosha Kabushiki Kaisha (‘Toyota’), makers of PRIUS, the world’s first commercial hybrid car, on the premise that Toyota had not established goodwill or reputation of its mark in India as of 2001. Ruling in favour of the local defendant, M/s Prius Auto Industries Ltd. (‘Prius Auto’), the Court based its decision on the principle of “territoriality” of trademarks, as opposed to the doctrine of “universality”.

The appeal arose from a judgment after trial by the DB of the Delhi High Court, which had held that an injunction in favour of Toyota in respect of the mark ‘PRIUS’ was not justified. Toyota, a well-known Japanese automobile manufacturer, had sued Prius Auto in 2009 for infringement of its registered trademark TOYOTA and passing-off of its mark PRIUS. Prius Auto founded in 2001 had been manufacturing automobile spare parts and using the mark PRIUS since then. Though Toyota had launched its PRIUS cars in several other countries as early as 1997, in India it was launched only in 2010. Until 2009, Toyota had not filed for registration of the mark ‘PRIUS’ in India. During trial, claiming PRIUS as a well-known mark, Toyota had relied on a few stray advertisements and news reports about its PRIUS car in magazines in India. Prius Auto interestingly (and ingeniously) justified its adoption of PRIUS on the ground that it was the first in India to manufacture add-on chrome-plated accessories and, therefore, had conceptualized its attempt as ‘*pehela prayas*’ (meaning ‘first attempt’), further modifying the name to ‘Prius’. It further submitted that it had registered PRIUS in 2002, had been continuously using the same since 2001, that Toyota had neither registered the mark PRIUS nor sold PRIUS-branded cars in India as of 2001 and that, therefore, Toyota had no goodwill for the mark PRIUS in India.

While the Supreme Court did not conclusively agree with Prius Auto’s explanation for adoption of PRIUS, it proceeded to hold in its favour by noting that, if goodwill or reputation of a mark in India is not established by a foreign company, no other issue needs to be examined to determine the extent of the company’s rights. Relying on the Starbucks case (supra) by the U.K. Supreme Court, the Indian Supreme Court found that:

“...no trader can complain of passing-off as against him in any territory...in which he has no customers, nobody who is in trade relation with him”. (at page 12)

The Court further held that the overwhelming judicial and academic opinion all over the globe seemed to favour the “territoriality” principle, which requires the Court to determine if there has been any spill-over reputation and goodwill associated with Toyota’s PRIUS. The Court noted that in determining spill-over reputation, it may be necessary to ascertain the presence of the claimant through its mark within a particular territorial jurisdiction, though not necessarily a real market. The onus of bringing proof of actual confusion, as an invariable requirement, should not be cast on the claimant and likelihood of confusion would be a better test of proving an action of passing-off. The Supreme Court affirmed the principle that, when a business is carried on in more than one country, there must be separate goodwill in each.

In other words, the Supreme Court held that, while Toyota’s PRIUS had acquired a great deal of goodwill in several other jurisdictions of the world, the same was not the case in India. The evidence filed by Toyota was considered insufficient and the Court concluded that Toyota did not have enough goodwill in the Indian market for the PRIUS cars prior to the suit.

Post-PRIUS: End of the Road for the “universality” Judicial approach in India?

The impact of the Prius case is manifold. The Supreme Court’s emphasis on the principle of “territoriality” would imply that, to succeed in future passing-off cases in India, a foreign plaintiff must meet a higher threshold test by showing through cogent documentary evidence, not just trans-border reputation internationally but also sufficient goodwill within India. Simply relying on the international fame of the mark would be an insufficient basis for enforcing rights in an unregistered mark in India. What does this entail?

The following line of post-PRIUS cases seems to show that the plaintiffs are now under these stricter and tougher tests inherent in the application of the ‘territoriality’ approach:

- (i) **Keller William Reality Inc. v. Dingle Buildcons Pvt. Ltd and others** (decided by the Delhi High Court on November 29, 2019)

The plaintiff, an American international real estate franchisor and owner of the famous KW and KELLER WILLIAMS marks in respect of its global business, sued a local defendant for infringement and passing off arising from the latter’s use of identical and/or deceptively similar marks in respect of identical and/or similar services, inter alia, of insurance, financial affairs, monetary affairs, real estate affairs, advertising, business management/administration, office functions etc. It was an admitted fact that the plaintiff had no business in India. Invoking its global reputation with a claimed spill-over footprint in India, the plaintiff relied upon its India-targeted activities such as its web-site with an India-section on the Google search engine, attracting a large number of hits from India, emails received from Indians wanting to become franchisees/agents of the plaintiff in India, the TM registrations granted to it in India with effect from March 2, 2012, services provided to various Non-Resident Indian (NRI) clients, training various agents of Indian origin etc. On the other hand, the defendant contended that the plaintiff admittedly had no business in India; that it was engaged in the business of real estate brokerage; that it honestly adopted its KW mark from the surname KESAR WANI of its promoter. Rejecting the case for transborder reputation set up by the plaintiff, the High Court followed the tests laid down in the binding PRIUS precedent and held:

“... (c) that the territoriality doctrine (a trademark being recognized as having a separate existence in each separate country) hold the field; (d) that the prior user of the trademark in one jurisdiction would not ipso facto entitle its owner to claim exclusive rights in another dominion; ... (h) if goodwill or reputation in India is not established by the plaintiff, no other issue really would need any further examination to determine the extent of plaintiff’s right in an action for passing-off.”

However, it may be noted that the High Court did find the defendant’s explanation for adoption of the impugned mark lacking in credibility, but not strong enough to entitle the plaintiff to injunction.

- (ii) **Toyota Jidosha Kabushiki Kaisa v. Tech Square Engineering Pvt. Ltd.** (decided by the Delhi High Court on February 3, 2023)

Toyota, the same PRIUS plaintiff, again sought relief in a petition for rectification of the impugned identical registered trademark, invoking transborder reputation in respect of its luxury MUV under the trademark ALPHARD. The defendant had obtained registrations of the impugned identical mark in class 12 (automobiles and various car accessories) and class 27 (automobile carpets). It was an admitted position that Toyota’s ALPHARD vehicle had not been formally launched in India, though it had been available for some time through direct imports by Indian residents. Toyota’s own application for the mark in India in class 12 was held up at the TM Office pending

objection on account of the defendant's registrations as aforesaid. Invoking its world-wide prior rights and goodwill in the mark ALPHARD based on global registrations, sales, advertising and promotional expenses, Toyota sought rectification of the impugned registrations in violation of the law of passing-off among other grounds. Rejecting Toyota's case for transborder reputation, the High Court took note of the binding PRIUS precedent and held that Toyota's present claim stood on a worse footing because:

"... the petitioner company has completely failed to discharge the onus to show the reputation and goodwill of the mark ALPHARD in India. In fact, it is not even the case of the petitioner company that it is dealing in products under class 9 and class 7 anywhere in the world. The documents placed on record by the petitioner company do not reflect extensive use of the brand ALPHARD in India in classes 9, 12 and 27. The evidence on record shows very limited sales and use of the product in the Indian market and that too by private parties. No advertisements have been made by the petitioner company in India. It cannot be stated that a substantial number of consumers in India know about the existence of the brand ALPHARD.

(iii) **Bolt Technology OU v. Vjoy Technology Pvt. Ltd.** (decided by the Delhi High Court on February 24, 2023)

The plaintiff, an Estonia-based taxi aggregator, providing world-wide ride hailing, food and grocery delivery, rental of cars, e-bikes and scooters and EV charging stations/docks under the brands BOLT and BOLT logo. It sued the defendant in a passing off action (its TM applications were pending at the date of the suit), to restrain it from using an identical BOLT mark in respect of its business of making EV charging docks/stations in India. Invoking its transborder reputation in India, the plaintiff relied upon articles in the CNBC and the Economic Times, the downloading by the Indian users of the plaintiff's mobile app 2 lakh times, the results of a survey conducted among drivers in a few prominent cities in India. On the other hand, the defendant submitted that the plaintiff was essentially engaged in the business of taxi-hailing which was different from the defendant's business of making EV charging docks/stations; that it had been using the mark BOLT for its EV charging stations since 2020 in 60 Indian cities by 2021; that the plaintiff's case was completely bereft of any evidence of spill-over transborder reputation in India. Applying the PRIUS tests, the High Court rejected the plaintiff's case, holding that:

- (a) the plaintiff's business of electric scooter-sharing services could not be regarded as 'allied' to the EV charging business;
- (b) the plaintiff had failed to prove that it was either engaged in providing EV charging services or making EV charging points, or even intending to do so in the foreseeable future.
- (c) the PRIUS opinion is clear in its requirement that, even if the plaintiff has no market in India, it must show that its goods or services are purchased, or availed of, by customers in India through the plaintiff or its branch or agents. The plaintiff's app cannot substitute as an agent in India since any downloading of this by Indian residents would not result in any services being made available in India.
- (d) the defendant, on the other hand, is the first in the Indian market in providing EV charging services. The plaintiff was unable to make out any case of transborder reputation with a spill-over footprint in India even in respect of its primary field of electric scooter sharing services, let alone in the defendant's business of EV charging services.

III. Is there a way out?

In the opinion of the authors, the view expressed in the *Whirlpool* and the *Milmet* cases is the correct view of law consistent with the needs of contemporary business and international commerce. In fact, Prius Auto did argue “on the strength of the decision of the Federal Court of Australia in *ConAgra vs. McCain* that in the last resort the test is whether the owner of the goods has established ‘sufficient reputation with respect to the goods within the particular country...’”. Besides the fact that the Supreme Court, without any discussion of the ratio of the earlier precedents, adopted the hard-line reasoning of the UK Supreme Court in the *Starbucks* case, a reasoning which has been consistently rejected by various Indian High Courts, it also chose to skirt the issue of adoption of the impugned mark despite its observation that “even if we are to disagree with the view of the Division Bench of the High Court in accepting the defendant’s version of the origin of the mark ‘PRIUS’.”

What then is the effect of the Prius Judgement? Under Article 141 of the Constitution of India, the law declared by the Supreme Court is binding on all courts within the territory of India. The question which, therefore, arises for consideration is whether the Prius Judgment is a binding precedent?

In *Central Board of Dawoodi Bohra Community and Ors. v. State of Maharashtra and Ors.*¹⁶, a Constitution Bench of the Supreme Court held as under:

- (a) a decision rendered by a larger Bench of the Supreme Court is binding on all Benches of lesser or co-equal strength.
- (b) a Bench of lesser strength cannot doubt the correctness of the view of the decision taken by a larger Bench. In case of doubt, all that the Bench of lesser strength can do is to invite the attention of the Chief Justice and request for the matter being placed for hearing before a Bench of the strength larger than the Bench whose decision has come up for consideration.
- (c) It is open for a Bench of co-equal strength to express an opinion doubting the correctness of the view taken by the earlier Bench of co-equal strength, whereupon the matter may be placed for hearing before a Bench consisting of a strength larger than the one which pronounced the decision the correctness of which is doubted.

Given the fact that decisions in the *Whirlpool (supra)* and *Milmet Oftho (supra)* were rendered by the Benches of co-equal strength, judicial discipline and practice required the SC Bench in the Prius matter either to follow *Whirlpool (supra)* and *Milmet Oftho (supra)* or refer the issue to a larger Bench. Instead of doing so, it took a complete departure from the well-settled ‘universality’ principle to embrace the ‘territoriality’ principle without assigning any reasons for such a departure from *Whirlpool (supra)* and *Milmet Oftho (supra)*.

In view of the legal position captured above, it can well be argued that the SC decision in the Prius case is *per incuriam* and/or not a binding precedent.

It would be interesting to follow the developments post-Prius, more particularly, whether a future larger Bench of the Supreme Court would be invited to re-examine the legal position on trans-border reputation and conclusively establish the correct approach to be followed in passing-off actions in India or whether the High Court invited to follow the Prius case would follow the same or the decisions in the *Whirlpool (supra)* and *Milmet Oftho (supra)* which were rendered by the Supreme Court Benches of co-equal strength.

Whatever may be the case, it is the opinion of the authors that Prius case and its progeny are certainly not the last word on ‘trans-border reputation’ in a passing-off claim in India.

¹⁶ Central Board of Dawoodi Bohra Community and Ors. v. State of Maharashtra and Ors., (2005) 2 SCC 673.

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K&S Partners is one of India's leading intellectual property law firm which provides expert and specialized services in order to protect the IP Rights of it's creators, owners, or inventors. The services range from creation, registration, filing, prosecution, enforcement, transactional and related services.

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At present, he is working as HEAD (IPR) with the Shriram group of companies, mainly comprising of Usha International Ltd., Mawana Foods Ltd and Mawana Sugars Ltd. Shriram group is a diversified conglomerate with the business spread in the areas of consumer durable such as fans, sewing machine, appliances, edible oils, sugars etc., owning the well-known and reputed brands like USHA, MAWANA, etc.

As IP Head, he has had the privilege of filing and prosecuting of trade mark applications in more than 120 countries across the globe and enforcing the rights by way of diverse oppositions/cancellations and court actions in various Middle East and South Asian countries. He has 20 years of rich experience in the field of IP starting from conceptualization, prosecution of IP, included but not limited to strategizing complex IPR litigation.

Usha International Ltd. an Indian multinational manufacturer and marketer of Home Appliances and other consumer durable products that include sewing machines, electric fans, electrical and household appliances, water coolers, juicer mixer grinders, electric Irons, toasters and Inverters etc. These products are sold under the renowned and well-known mark USHA• which was adopted in the year 1936.

The company headquartered in Gurgaon, Haryana is part of the Sidharth Shriram Group and is today amongst India's most dynamic and reputed business houses since 1934. The Company has an annual revenue of Indian Rupees 3000 crores with 5000 employees working from 16 regional office, head offices, manufacturing plants in Kolkata and Hyderabad and overseas offices in China and Sri Lanka.

The Company has a All-India retail presence with 60 company showrooms and logistics supported by 33 warehouses.

The International operations of the Company started in the year 1946 and at present the company is exporting its products to 32 countries of the world.

International Tie -ups

Currently, the Company has an association with Hunter Fan Company, USA, Janome Sewing Machine Company, Japan, Midea Appliances, China.