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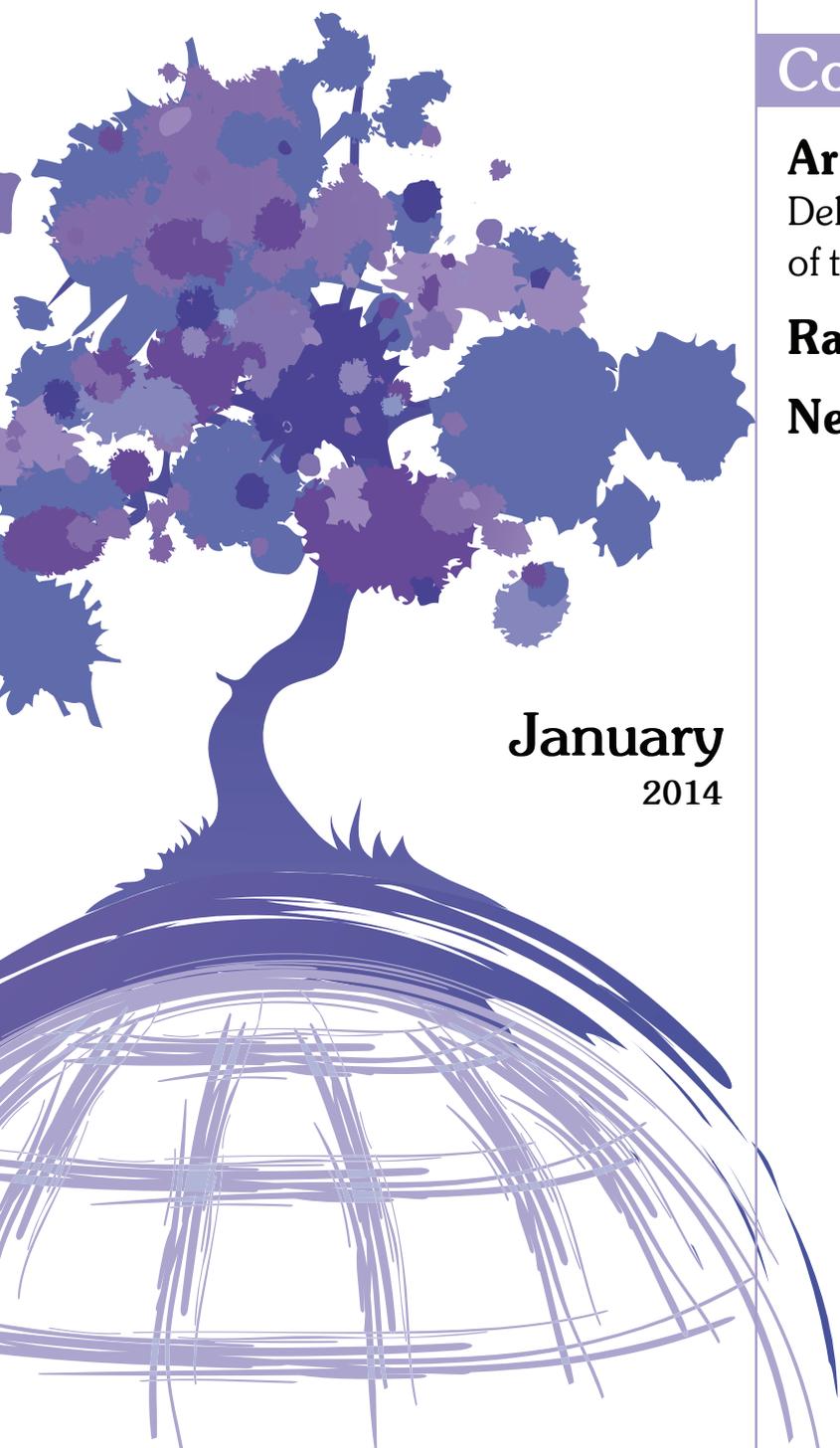
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Article

Delhi High Court rules on disparagement of trademark

By **Jasneet Kaur**

A Division Bench of the Delhi High Court in a recent decision dated 10-12-2013 held that the television commercial which compares the product 'Pepsodent Germicheck' with 'Colgate ST' is not *per se* disparaging. However, the print advertisement published by the respondent (Hindustan Unilever Limited or 'HUL') involving the same comparison was held as *prima facie* disparaging of appellant's (Colgate Palmolive's - referred to as 'Colgate') goodwill and its toothpaste Colgate ST.

Relevant facts

The respondent launched a promotional campaign comprising of a television commercial and an advertisement in print media for its product - Pepsodent Germicheck Super Power. These advertisements conveyed that "Pepsodent Germicheck is 130% better than Colgate Dental Cream Strong Teeth". In view of this, the appellant/plaintiff instituted a suit against HUL seeking, *inter alia*, a permanent injunction restraining them from publishing and/or telecasting the controversial advertisements or any other similar advertisements disparaging the goodwill and reputation of Colgate and their products. The advertisements were contended to be detrimental to the distinctive character and reputation of its trademark.

Colgate also filed an application seeking *ad-interim* injunction against HUL's advertisements. This application was dismissed by the Single Judge of the Delhi High Court, followed by an application for review, which was also

dismissed. Colgate, aggrieved by the dismissal of the review petition and non-grant of the *ad-interim* injunction, preferred an appeal before the Division Bench.

Advertisement(s) in question

The television commercial showcases a 'Preventive Cavity Test' being conducted on two school children accompanied by their mothers. In the beginning of the commercial, the children are shown brushing their teeth with Pepsodent Germicheck and Colgate ST, respectively, the packaging of which products is also clearly visible. The next shot in the commercial depicts a scene four hours later where the dentist is shown conducting a scan of the children's teeth. The commercial goes on to split the screen into two parts with one side focussing on the Colgate child and the other on the Pepsodent child. The frame shows certain alien looking creatures inside the mouth of the children, which are nothing but Triclosan (*an antibacterial and antifungal agent*) shown in the form of soldiers. The commercial goes on to display an index of 'germ attack power' for both the products, each being displayed at 100%. However, the Triclosan for Pepsodent Germicheck are seen multiplying in the next shot, whereafter the index for Pepsodent Germicheck enhances to 130%, whereas the index for Colgate ST remains stagnant at 100%. The commercial also ends with a statement which effectively means that the new Pepsodent Germicheck gives 130% more germ attack power than Colgate ST.

The advertisement in the print media in question was a full page advertisement, which again depicted a comparison between the impugned products with a bold caption read as - “Pepsodent - Now Better Than Colgate Strong Teeth, Delivers 130% Germ Attack Power”. The lower half of the page is split into two parts, each part showing a child with the respective products in the background. The child on the Pepsodent side is shown smiling with a spoon in his hand and in the process of eating a dessert, while the child on the Colgate side is also shown sitting in front of the dessert, but with a sad face and holding his jaw with a clenched fist.

Decision of the Division Bench

The court ruled that the television commercial cannot be deemed to be *per se* disparaging Colgate ST. However, the voice over in the background towards the end of the commercial which states that Pepsodent Germicheck has 130% germ attack power in comparison to Colgate is misleading and inaccurate. Hence, the court directed HUL to have the same deleted from the commercial or have it restricted specifically to the product Colgate ST, since it may not be true for other Colgate products. The court also remanded the matter to the Single Judge to decide whether the essential message conveyed by the television commercial, i.e. Pepsodent Germicheck is more effective at combating cavities than Colgate ST, is *prima facie*, truthful or misleading.

Regarding the print media advertisement, however, the court ruled that the same is *prima*

facie disparaging as it conveys that Colgate is ineffective and lacks the requisite quality to maintain oral hygiene and its usage would result in tooth ailment. Hence, the court restrained HUL from publishing the print media advertisement or any such other advertisement which disparages any product of Colgate.

Principle applicable on the question of disparagement

The court reiterated the well settled principle of law relating to disparaging advertisements as laid down in *Reckitt & Colman of India Ltd. v. M.P. Ramchandran*¹, *Dabur India Ltd. v. Colortek Meghalaya Pvt. Ltd.*² and *Tata Press Limited v. Mahanagar Telephone Nigam Ltd.*³. It held that while a trader can indulge in puffery of his products or services, he cannot denigrate or disparage the products or services of another trader. In other words, while it is permissible for one to compare his goods with those of another and establish superiority of his goods over the other goods, it is not permissible to make statements having adverse implications on the goods of another, while showing them as inferior or of bad quality. Therefore, comparative advertising only to the extent of puffery is permissible, chiefly because an act of puffing does not necessarily refer to making serious and factual statements, amounting to misrepresentation.

Television commercial not per se disparaging

With respect to the television commercial, the court applied the factors laid down in the

¹ 1999 (19) PTC 741

² 167 (2010) DLT 278 (DB)

³ (1995) 5 SCC 139

Dabur case (supra) which were essentially pertaining to identification of the intent, overall effect and manner of advertisement. In other words, it is important to determine whether the advertisement focuses on promotion of its own product or disparagement of a rival product and whether the comparison so made in the advertisement is truthful or it tends to falsely denigrate a rival product. On the aspect of examining the intent and overall effect of the advertisement, the court applied the “Average Viewer Test”, according to which it must be judged whether a consumer or a prospective consumer of average intelligence is likely to be influenced by the factual assertions made in a comparative advertisement or not. This is because an average viewer is least likely to analyse a commercial and may get impacted by a serious factual representation in an advertisement.

In view of the above, the court held that any reasonable person viewing the television commercial involved in the instant case, is likely to comprehend that respondent’s product is 130% effective in combating cavities in comparison to appellant’s product. Without going into the accuracy of the message conveyed by the commercial, the court was of the view that it is not possible to conclude that the advertisement, *per se*, denigrates or slanders Colgate ST, as the Colgate child cannot be deemed to have been shown in bad light or suffering from any dental ailment. However, the court was of the view that since the parameters applied by HUL in the commercial are scientific, they need to be verified as true and not misleading. The court, therefore, remanded the matter to the Single

Judge for adjudication on the truthfulness and accuracy of the scientific statements involved in the commercial. It was, however, clarified that in case the Single Judge concludes that higher concentration of Triclosan does not make Pepsodent Germicheck a superior cavity fighter in comparison with Colgate ST, then such commercial would be liable to be prohibited and that Colgate may be protected against any harm or injury caused to their reputation and goodwill.

Print media advertisement prima facie disparaging

The court propounded that the tests to determine whether the print media advertisement was disparaging or misleading were the same as those applicable in the case of the commercial advertisement. Applying the “Average Viewers Test”, the court was of the view that the probable impression meted out to an average consumer with imperfect recollection who reads the advertisement is that use of Colgate ST would not be as effective as Pepsodent Germicheck and may even result in causing harm and discomfort to the teeth. Hence, the essential message conveyed through the advertisement is that Colgate lacks the requisite quality to maintain oral hygiene and combat tooth decay, thereby resulting in tooth ailment. As laid down in the *Dabur case (supra)*, such act on the part of a trader would amount to defamation of his competitor and his products, which is not permissible. Hence, the print advertisement was *prima facie* disparaging of Colgate and its products.

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Ratio Decidendi

Registration under Insecticides Act when process patented by another

The Division Bench of Kerala High Court recently declined to interfere in the grant of registration under Insecticides Act, for manufacture of a particular insecticide, when the process of its manufacture was patented by another company-appellant in this case. It was the contention of the original patent holder that the registering authority under the Insecticides Act should consider the objection based on existence of the patent when an application under Section 9(4) of the Insecticides Act is being considered. Relying on Section 156 of the Patents Act, the patentee had contended that the authority under Section 9 of the Insecticides Act is also an arm of the Government and hence it cannot refuse to protect the patent. However, the court noted that the said Section 9 neither refers to Patents Act nor any other factor relevant to Patents Act. It was hence held that the registering authority, under the Insecticides Act, is not obliged to consider the question relating to patent being violated, and whether patent is liable to be revoked. [*Shogun Organics Ltd. v. Union of India* – Kerala High Court Judgment dated 3-12-2013 in W.A. No. 1782 of 2013]

Prior use of trademark registered in the name of another company

Bombay High Court has held that where use of the trademark by the defendant company is prior to the use by the registered proprietor, but not prior to the date of registration of the mark, benefit of Section 34 of the Trademarks Act is

not available. Granting interim injunction in favour of plaintiff, the court noted that in the present case, the registration was effective as of 2002 whereas defendant claimed to have used the mark only from 2009 and hence no alleged right of the defendant was saved under Section 34 of the Act.

The court further held that though Section 47 of the Trademarks Act gives a right to an aggrieved person to make an application to the Registrar or the Appellate Board for removal of the trademark from the Register, if the grounds provided in said Section 47 of the Act exist and the same are proved, this provision does not empower a person to use a mark by infringing a registered mark, till such time it is removed from the Register. It was held that once a mark, in respect of a medicament, is registered, it is not open to any person, so long as the mark remains on the Register, to contend that the same has been derived from its generic drug and therefore is invalid. Further it was noted by the court that the claim of the defendant that the mark is a coined mark, is a clear admission by them that the same is novel and original. Argument of common to trade was also rejected by the court observing that same is not available in circumstances where the marks are identical. Plea of public interest was also rejected by the court in this regard. [*Aristo Pharmaceuticals Pvt. Ltd. v. Innova Cap Tab* – Bombay High Court Order dated 24-12-2013 in Notice of Motion (L) No. 1839 of 2013 in Suit (L) No. 826 of 2013]

Validity of grant of patent by EPO cannot be challenged in national court for procedural deficiency

The England and Wales Court of Appeal (Civil Division) has held that there can be no challenge, in the English courts, to the process of grant and examination in the European Patent Office (EPO). The defendants argued that Great Britain has not been designated in the application 908 at EPO and because of this lapse, the patent was not valid in the UK. The defendant also put forth, without success, an argument that it's right to trade in the

UK were impaired by the 908 patent which was improperly granted. The court opined that the entire system of grant of European patents would be undermined if English courts were to have a general power to review the validity of grants on grounds not specified in the European Patent Convention. It agreed with the Comptroller's (UK) decision that revocation of patent could be sought only on substantive grounds. [*Virgin Atlantic Airways Ltd v. Jet Airways (India) Ltd.* [2013] EWCA Civ 1713]

News Nuggets

Warming the debate on reasonable attorney fee

'Although thoroughness is a virtue, attorneys must exercise sound judgment to avoid devoting more time to a problem or issue than is warranted'. The United States District Court for the Eastern District of Virginia in one of its first decisions in the new year (2-1-2014) ruled thus deciding that the USPTO's claim for attorney fees though admissible was excessive. As per 15 U.S.C. § 1071(b)(3), the party bringing action against the PTO's (Trademark Trial Appellate Board) decision should pay all expenses of the proceeding unless found unreasonable by the court. The plaintiff had sought review of the TTAB decision denying registration of PROBIOTIC in respect of fertilisers reasoning that it was a generic term. This decision was upheld by the district court.

The PTO claimed attorney fees, calculated

as per actual hourly billing on 29 hours to strike out new evidence filed belatedly by the plaintiff. The court did view attorney fee as an expense, but opined that it would have taken less than 6 hours of focussed work as facts were neither disputed nor complicated, and no novel legal issue was presented. It however did not go into the question of appropriate methodology whether to use actual salaries or market rate.

Exploiting elements in public domain

'What one man can invent, another can discover' – Arthur Conan Doyle's swordspoken through Sherlock Holmes on deciphering the code which used figures of dancing men. Perhaps, it could apply to the imagination of a creative human mind. Do characters/elements develop till the last work of the author or can they be vivisected? The Conan Doyle estate asserted that the characters continued

to be developed throughout and would remain copyrighted till the final issue entered public domain in 2022. The controversy spans several years and the case specifically focussed on pre-1923 elements which were indubitably in public domain and elements in 10 stories which were published in the US after 1923. The court (District Court of Illinois, North) sought to apply the ‘increments

of expression’ test and held since only a low threshold of originality was required, post-1923 elements like, a character’s second wife, retirement of the protagonist etc were eligible for copyright protection. The court also denied the motion for injunctive relief barring the Conan Doyle estate from asserting the copyright over any of Sherlock Holmes story elements.

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