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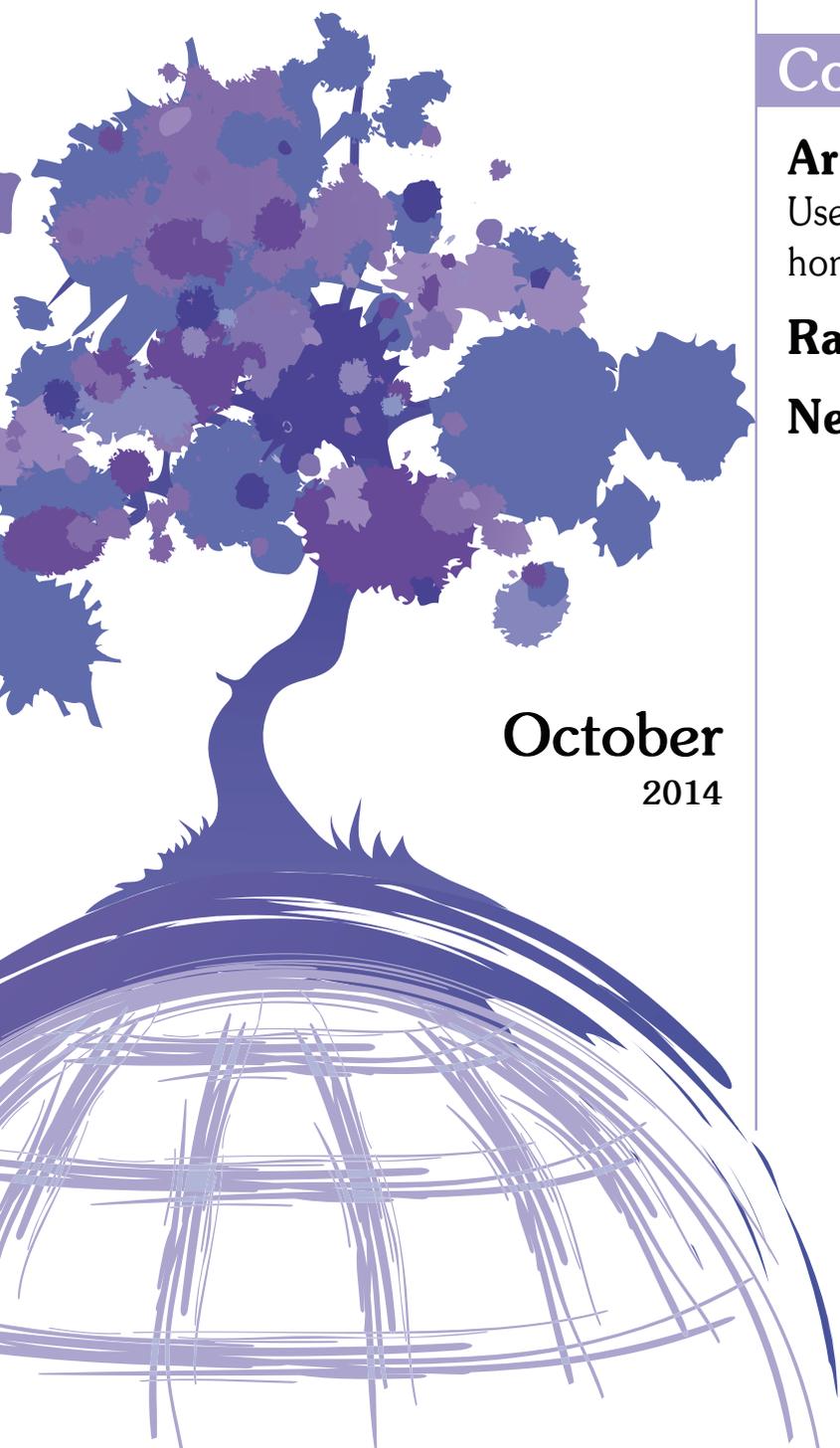
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October
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Article

Use as trade mark sine qua non to claim honest concurrent use

By **Vindhya S. Mani**

The Bombay High Court *vide* its judgment dated 15th September, 2014 in *ITM Trust v. Educate India Society*¹ granted an injunction in favour of the plaintiff, ITM Trust, against the defendant, Educate India Society, from using the mark “ITM” or any other deceptively similar mark in respect of technical and educational services so as to infringe ITM Trust’s registered trade mark “ITM” or pass off its services as those of ITM Trust’s. The Single Judge held that the defendant had failed to show any use of the mark “ITM” as a trade mark, instead observed that their use of the mark was in the form of a common abbreviation and thus held that they could not assert honest concurrent use in respect of said mark under the Trade Marks Act, 1999 (“the Act”). At the request of the defendant, the operation of the above order was stayed for a period of six weeks from the date of said order.

Factual background

The plaintiff filed a suit for trade mark infringement combined with a cause of action for passing off before the Bombay High Court, with respect to its registered trade mark “ITM” under Class 41 (educational services). The plaintiff-trust is a public charitable and educational trust running a technology and management educational institution since 1991. In 1993, the plaintiff began using the mark “ITM” in connection with its services and obtained trade mark registration for the same under Class 16

(stationery, printed matter, publications etc.) in 2000 and under Class 41 in 2004 showing use since 1993. It was asserted by the plaintiff that they learnt of the defendant’s use of the mark “ITM University” on 18th March, 2010 and registration of said mark was applied for on 1st April, 2010.

The defendant-society also runs an affiliated college established in 1995-96 and obtained registration of the mark “Institute of Technology and Management” in 1996, however, it is pertinent to note that the word “ITM” did not appear on the registered trade mark. Further, they also obtained registration for a device of a shield under Class 16 in 2007 consisting of the words “Institute of Technology and Management” and “ITM”.

An earlier Notice of Motion moved by the plaintiff was dismissed by the Single Judge by order dated 20th July, 2012 on the ground that the contesting marks were dissimilar. Further, the defence of honest concurrent use by defendant was also rejected. The plaintiff appealed against said order of the Single Judge. The question of deceptive similarity of the marks was settled by an agreement between the parties that the marks in issue were identical. Hence, in the instant case the issue was whether the defendant could continue to use the mark “ITM University” under the defence of honest concurrent user under Section 12 of the Act.

¹ Notice of Motion No. 310 of 2012 in Suit No. 284 of 2012 (MANU/MH/1636/2014)

Arguments advanced

The plaintiff argued that the defendant's registration under class 16 for the mark "Institute of Technology and Management" dates back to 2002 and that in 2010 they applied for a registration of the mark "ITM University"; therefore there was no evidence of any prior use of the mark "ITM" by Educate India Society, whereas, the plaintiff had demonstrated use since 1993.

The defendant contended that their honesty in adoption of the mark "ITM" was derived from the fact that "ITM" was an acronym obtained from the first three alphabets of the mark "Institute of Technology and Management". Further, it was also asserted that it was a common practice for educational institutions to adopt acronyms and cited examples such as Indian Institute of Technology (IIT) and Indian Institute of Management (IIM). Therefore, the defendants asserted that the conditions under Section 12 of the Act were satisfied and that they should be permitted to use the mark "ITM University". Section 12 of the Act states, that the Registrar may permit the registration by more than one proprietor, of marks that are identical or similar in respect of same or similar goods or services, provided honest concurrent use of said mark is demonstrated.

Decision and reasoning

The Single Judge primarily observed that the defendant did not have a registration specifically for the mark "ITM". Further, the avowed use of the term "ITM" was an acronym and not as a trade mark *per se*. The judge also took into consideration the evidences in the form of

government approvals granted to the institution run by the defendant which also referred to "ITM" as an acronym rather than as a trade mark.

With respect to the application by the defendant for the mark "ITM University" in April 2010, the judge observed that at the time of such registration, they were informed of ITM Trust's registration in the mark "ITM". The Single Judge held that in order to be able to use the mark "ITM University", which is essentially "ITM" as the word "university" cannot be registered under the Act; defendants had to show use since 1999 i.e. prior use and any evidence of use after April 2010 would not be considered honest concurrent use. The brochures pertaining to the defendant's educational institution adduced as evidence, which highlighted that the diploma in economics offered by them did not make any mention of the mark "ITM", and consisted of the shield bearing the mark "Institute of Technology and Management". This, the court held to be an indication that defendant never intended to use the mark "ITM" as a trade mark.

With respect to the issue of prior use of the mark "ITM", the court held that the only registration of defendant that was prior in time as compared to ITM Trust's 2004 registration under class 41, was with respect to the mark "Institute of Technology and Management" in the year 1996 which did not consist of the term "ITM". Further, the application for registration of the shield bearing marks "Institute of Technology and Management" and "ITM" although made in 2002, was under class 16. It was, therefore, held that the defendant had failed to establish

prior use of the mark “ITM” specifically for educational serviced under class 41.

The court observed that on the one hand defendant averred that the mark is a mere acronym while at the same time it sought registration for the same as a trade mark. The Judge held that the above two circumstances cannot co-exist. The court thus held that, since the defendant was not able to demonstrate use of the mark “ITM” as a trade mark or that such use was made since 1999 they are not entitled to the defence of honest concurrent use. Essentially, the court reiterated that the defence of honest concurrent use applies only to use of the mark as a trade mark and not merely as an acronym or otherwise.

Conclusion

Regarding the interpretation of the terms “honest concurrent use” under Section 12 of the Act, the Supreme Court has already laid down in *London Rubber Co. Ltd. v. Durex Products*² that in order to establish honest concurrent

use, it is necessary to show commercial use of the mark and that such use must be for a considerable period of time. The instant case touches upon a fundamental tenet of trade mark law that the use of any mark must be to serve as an indication of origin of certain goods or services from a proprietor and not merely for matters of reference in the form of abbreviations or acronyms. Furthermore, the entire purpose behind the enactment of Section 12 of the Act is to ensure that genuine proprietors who have established commercial use of the mark for a considerable period of time should not be prevented from taking benefit of the mark only because said mark is already registered. In the instant case, the defendant had failed to establish any use of the trade mark in terms of serving as an indication of origin of services, but used it merely as an acronym and thus, the court rightly denied the defence of honest concurrent use under Section 12 of the Act.

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Ratio Decidendi

Patents – Application not deemed as abandoned when examination reports responded to

Delhi High Court has held that where the applicant of the patent application had responded to the first as well as the second examination report, the application cannot be stated to be abandoned. Relying on earlier ruling of the court in the case of *Telefonaktiebolaget*, it was held that application can be stated to be abandoned only

in cases where the applicant fails and neglects to pursue its application. It was noted that in this case, the petitioner had provided explanations in respect of objections raised in the examination reports and decision thereon could not be avoided taking recourse to Section 21(1) but speaking order should have been passed under Section 15 of the Patents Act, 1970. Further, the court in this regard noted that provisions of Section 21(1) have to be read harmoniously with

² (1964) 2 SCR 211

the provisions of Section 15, which is possible if they are considered to operate in distinct and separate circumstances. [*Merck Serono S.A. v. Union of India* – Judgement dated 29-9-2014 in W.P.(C) 4157/2012 & CM No. 8637/2012, Delhi High Court]

Trademark – Delay in action against alleged passing off, fatal

A proprietor of the trade mark who knowingly watches his competitor grow in the market and takes no action can claim no exclusivity in his own trade mark. Bombay High Court while holding so noted that against the defendant's reply to the plaintiff's first cease and desist notice wherein the defendant did not merely dispute the plaintiff's contentions but specifically asserted that it was in the market and that it would continue to market its products under the mark, the plaintiff did nothing for long and hence would be deemed to have affirmed his rival's use of the mark. The court further held that principle as laid down in the case of *Bal Pharma* can only apply where the plaintiff moves in a reasonable time-frame. The court finally held that unconscionable and unexplained delay on the part of the plaintiff was enough to defeat the claim. [*Unichem Laboratories Ltd. v. Eris Life Sciences Pvt. Ltd.* - Notice of Motion (L) No. 1852 of 2014 in Suit (L) No. 775 of 2014, decided on 7-10-2014, Bombay High Court]

Amendment to trademark application is quasi-judicial function – Registrar cannot be directed by Controller

Examining whether the function of the Registrar of Trademarks while deciding on amendments to application for trademark is

purely administrative or quasi-judicial, the High Court of Delhi held that powers vested in the Registrar by Section 22 of the Trade Marks Act, 1999 were quasi-judicial. The court therefore struck down Clause No.3 of the Office Order No.16 of 2012-2013 dated 8-6-2012 by which the Controller had directed that no substantial amendments like those relating to proprietor details or use should be permitted. The court held that quasi-judicial authority cannot be curtailed by a person who has no statutory role to play in the matter of registration, even if he is higher in rank. The court was not persuaded by the *bonafide* reasons for the direction which were aimed at preventing abuse of the process to advance the date of commencement of use and ensuring uniformity of orders. [*Intellectual Property Attorneys Association v. UOI*, W.P.(C) No.3679/2014 & CM No.7455/2014, Delhi High Court decision dated 9-10-2014]

Copyright in databases and requirement of framing of issues in a suit

Delhi High Court has dismissed the suit for permanent injunction to restrain infringement of copyright, passing off, etc of copyright in database. The court in this regard got no answer to the question as to how in a collection of the names and e-mail addresses of the visitors to the news portal of the plaintiff or their comments, the plaintiff can claim copyright within the meaning of Section 14 of the Copyright Act and how the same can be called literary, dramatic or musical work or even a computer program. It was also noted that the plaintiff could not be said to be the author or composer or having any contribution in the same (database).

Further, on the question of necessity of framing issues and putting the suit to trial when summons have been issued for framing of issues, it was held that the court, if at the stage of framing of issues finds the plaintiff to be not pleading the material propositions of law essential for succeeding in the suit, is empowered to pronounce judgment against the plaintiff. The court was of the opinion that allowing such suits to go through the gamut of trial, when pleas of copyright were found non-existent, would curb competition irrespective of the outcome of the suit. [*Tech Plus Media Private Ltd. v. Jyoti Janda* - CS(OS) 119/2010, decided on 29-9-2014, Delhi High Court]

‘Designs’ and ‘artistic works’ – Copyright and exclusion if used more than 50 times

In a case involving infringement of copyright in the drawing of the product, the Bombay High Court, considering the facts of the case, has held that the defendant had reverse engineered the plaintiff’s products and prepared infringing drawings of the products concerned. Defence under provisions of Section 15(2) of the Copyright Act, which provided that there would be no subsisting copyright on design used more than 50 times, was also rejected by the court relying on earlier decisions in the cases *Hindustan Lever Ltd v. Nirma Pvt Ltd* and *Indiana Gratings*. The court in this regard held

that plaintiff’s drawings are skilled diagrams that do not reflect any finished products, let alone a finished product of any ‘visual’ or aesthetic appeal. It was held that these drawings served only a functional purpose and therefore were not designs for the purpose of application of Section 15(2) which is applicable only on designs and not on artistic works. Definition of ‘design’ and exclusion therein to functional part were also noted in this regard. It held that it is a mistake to confuse ‘artistic work’ under the Copyright Act with a more colloquial understanding of what constitutes ‘art’.

Rejecting the submission of loss of copyright after 50 productions, the court noted that if the submissions of the defendants were to be admitted, a sketch of a novel automobile or an airplane would not enjoy copyright protection if 50 articles derived or inspired by that sketch and passing through a ‘design’ phase were finally produced, which was entirely incorrect. Order in the case of *Jagdamba Impex* [reported in May 2014 issue of IPR Amicus] was distinguished by the court while it held that plaintiffs have made out a more than sufficient *prima facie* case for Notice of Motion to succeed. [*Photoquip India Limited v. Delhi Photo Store* - Notice of Motion No. 684 of 2014 in Suit 427 of 2014, decided on 15-9-2014, Bombay High Court]

News Nuggets

Canada EU CETA on Intellectual Property

The official text of the Canada EU Comprehensive Economic and Trade Agreement (CETA) was released recently

and awaits ratification. In the agreement running into 1634 pages, the chapter on intellectual property rights is quite elaborate and provides for, *inter alia*, protection of moral rights of authors and performers, performer’s

rights and technological measures besides protection of undisclosed data in relation to pharmaceutical products. The article on camcording seeks to provide for criminal procedures and penalties for unauthorized copy of public performance of work in a motion picture. On enforcement, the treaty will also provide for seizure or otherwise taking into custody of the goods suspected of infringing an intellectual property right so as to prevent their entry into or movement within the channels of commerce. Goods found to be infringing and the materials and implements predominantly used in the creation or manufacture of those goods may be destroyed without payment of compensation.

The provisions relating to geographical indications permit use of terms Asiago, Feta, Fontina, Gorgonzola and Munster in Canada by those who made commercial use of those indications with regard to products in the class of cheeses preceding the date of 18 October 2013. Varying relaxations for use in Canada are to be in place for Nürnberger Bratwürste, Jambon de Bayonne (meat) and Beaufort (cheese). Goods which do not meet the criteria of prior/current use as per the treaty, must be accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like and along with legible and visible indication of the geographical origin of the product concerned. This has raised questions on how products with names like Feta, from other countries, for instance US, sold in Canada will be treated.

On use of GIs, South Africa agreed to stop using ‘port’ and ‘sherry’ in relation to wines within its territory, from 2012, pursuant to the EU-South Africa Trade Development & Cooperation Agreement (TDCA).

Intellectual property rights are covered by the term ‘investment’ in the Canada-EU CETA and despite much resistance and debate, the text provides for investor state dispute settlement mechanism by arbitration. Canada is currently facing a claim under NAFTA over its patent laws.

CINDRELLA – Too famous to confuse

A fairytale has to end right and true to the story the Trademark Trial and Appeal Board (TTAB) decided that the applicant’s theory did fit. The mark at issue was ‘ZOMBIE CINDRELLA’ for dolls which was refused registration since it was similar to the registered mark CINDRELLA, also dolls and other toys. The applicant argued that the story of Cinderella was known to the public since 1697 at least and it could hardly have any source identifying significance. Thus, the component CINDRELLA could enjoy only limited protection. After conceptual weakness, the applicant advanced the argument of commercial weakness since the mark was registered in a number of unrelated areas from slot machines to medical services. However the fact that it was used in the market place for other dolls was better received by the TTAB. What did matter was that the term Walt Disney’s

appearing along with CINDRELLA was inherently distinctive indicating it was a version associated with the registrant. The addition of ZOMBIE to CINDRELLA made it a unitary mark with incongruous expression

involving an uneasy mix of innocence and horror. The TTAB went on to say that even if such marks were used on identical goods, these distinct commercial impressions would be distinguishable.

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