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Trade-dress Infringement - It's all about the looks

By **Kumudavalli Seetharaman**

The Indian Trade Marks law has no explicit provision relating to trade dress. However, the same is impliedly incorporated within the meaning of “mark” in Section 2(1)(m) of the Trade Marks Act, 1999 which includes the shape of goods, their packaging and combination of colours. The Delhi High Court, in a recent case, dealt with the concept of trade dress infringement.

ITC Ltd. (ITC) filed a suit against Britannia Industries Limited (‘Britannia’) before the Hon’ble Delhi High Court for permanent injunction restraining Britannia from passing off ITC’s rights in the trade dress of its ‘*Sunfeast Farmlite Digestive - All good*’ biscuits by using a confusingly similar trade dress for its ‘*Nutri Choice Digestive Zero*’ biscuits. A Single Judge of the Delhi High Court *vide* order dated September 6, 2016, held that ITC established that its biscuit product acquired a growing reputation in a short span of time and also held that Britannia’s biscuit product’s packaging is deceptively similar to the packaging of ITC’s biscuit product such that consumers of such biscuits would be confused as to the origin of the two biscuit products. In light of the above, the Single Judge held that the conditions for granting an interim injunction in an action of passing off were fulfilled and thus restrained Britannia from using the impugned packaging/

get-up/wrapper for its biscuit product during the pendency of the instant suit.

Factual background

ITC launched the packaging of the biscuit ‘*Sunfeast Farmlite Digestive- All Good*’ in February 2016; whereas Britannia launched the impugned packaging in July 2016 claiming ‘0% Added Sugar’ and ‘0% Maida’ in their packaging. ITC alleged that the impugned packaging of Britannia, for its ‘*Nutri Choice Digestive Zero Biscuit*’ is an imitation of ITC’s packaging for ‘*Sunfeast Farmlite Digestive- All good*’.

During the initial stages of the hearing, Britannia made an offer to substitute the blue colour in the impugned packaging with dark or navy blue. However, the same was not acceptable to ITC. ITC instead suggested that Britannia could use the packaging of the biscuits that it sold internationally, and that so long as the impugned packaging does not have any shade of blue colour in it, ITC would have no objections.

Britannia pointed out that it was using the colour yellow for a wide variety of biscuits since at least November 2014. It also stated that it would stop using the blue colour if ITC stopped using the yellow colour and adopted their earlier packaging comprising the colour combination of lemon green and blue.

Since the parties did not arrive at any settlement, the Single Judge proceeded with the matter on merits.

Contentions of the parties

ITC submitted that its packaging had certain unique and distinctive features like the placement of the items on the packaging, which they alleged was imitated by Britannia and used in their packaging which hit the markets much later than that of ITC. It was also asserted by ITC that within the 5 months of launch, ITC's product had made sales of over Rs.5 Crores and had invested over Rs.14 Crores towards marketing expenditure.

ITC also contended that Britannia's '*Nutri Choice Digestive Zero Biscuit*' packaging comprised a statement that "*this biscuit contains sucralose not recommended for children*". This statement was asserted by ITC to have the propensity to tarnish its reputation as ITC contended that its product was suitable for consumption by all age groups including children.

ITC essentially alleged that the products sold by both parties -- digestive biscuits - were identical, that the colour scheme adopted by both parties were identical, that the method and placement of various elements on the packaging by both parties were identical and that the trade channels were identical; thus causing confusion and deception in the minds of the consumers.

On the other hand, Britannia submitted that it was using the colour yellow with a secondary

colour to indicate the variants since 2008. However, the main argument advanced by Britannia was that for an action of passing off, goodwill and reputation of the aggrieved party was to be necessarily established. Britannia contended that ITC failed to establish said goodwill and reputation as they were in the market only since February 2016 and contended that such a short period of time was not sufficient to establish goodwill and therefore, there was no case of passing off made out.

Britannia also contended that nobody can claim rights over a colour and relied upon a U.S. Supreme Court judgement¹ to assert that colour *per se* was not an element of distinctiveness for identifying the source of the products.

Decision of the Court

The main issue in this case was whether the essential elements of passing off were fulfilled. The Single Judge referred to the landmark judgment of the House of Lords in *Reckitt & Colman Products Ltd. v. Borden Inc*², wherein the essential elements of passing off were established as:

1. Establishing goodwill/ reputation;
2. Demonstrating misrepresentation by defendant to public and;
3. Likelihood of damage

With respect to the element of reputation, the Single Judge observed that it is not necessary that a product ought to have been in the market for a number of years to establish reputation

¹ *Wal Mart Stores Inc. v. Samara Brothers Inc.* 54 USPQ 2d 1065

² (1990) 1 All ER 873

of said product. The Single Judge specifically noted that in the segment of consumer durables and eatables, it is not uncommon for a product that caters to the particular taste of certain consumers to gain popularity in a short span of time. The Single Judge also observed that Britannia thought of introducing the Digestive Zero variant only after six months from the launch of ITC's product. The Single Judge held that although ITC had been selling their biscuits only since February 2016, ITC had sales of Rs. 5 crores along with the marketing expenditures of Rs. 14 crores and this was held by the Court to be indicative of the growing popularity and thereby evidence of reputation.

The Single Judge while dealing with the aspect of deception and confusion relied on various judgements that explained the aspect of 'initial interest' wherein the initial interest is based on confusion and deception which leads a consumer to pick up a package which has been recently introduced. The Single Judge observed that Britannia's package was sure to cause confusion in the minds of consumers as there was a striking similarity for the following reasons:

1. The colour combination of both the products were same – Yellow and Blue
2. An image of a biscuit with a white spike/sheaf of wheat and grains – on both products;
3. The placement of 'NO added sugar/maida' and '0% added sugar/maida' mentioned on the biscuit by the ITC and Britannia respectively on the right side of

the packaging;

4. 'NO' and '0%' printed in large font with a white line dividing sugar and maida in the packages of ITC and Britannia respectively.

The final element pertaining to the likelihood of damage was also ruled in favour of ITC. The Single Judge observed that Britannia with a whopping 66% market share could swing ITC's customers away by the use of a deceptively similar packaging.

The Single Judge held that ITC was able to satisfy the three elements for an action of passing off and therefore, a *prima facie* case of passing off was made out against Britannia. The Single Judge thus granted an interim injunction restraining Britannia from using the impugned packaging during the pendency of the instant suit and granted 4 weeks' time to Britannia to phase out the existing stocks of *Nutri Choice Digestive Zero* biscuits with the impugned packaging.

Britannia appealed against this order of the Single Judge. While the Division Bench did not stay the order of the Single Judge, it reserved its judgement as on September 22, 2016. Although only an interim order, this judgement adds to the growing precedents pertaining to trade dress infringement and passing off actions involving trade dress. Such decisions contribute in establishing the essential ingredients for infringement or passing off actions relating to trade dress.

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Statutory Update

Certain notifications on change of counsel and filing of evidence with the IPAB Registry

The IPAB has issued certain notifications on 3rd and 4th of October on change of counsel and filing of evidence. The Notification dated 4th Oct, 2016 states that the IPAB Registry need not insist upon a 'NOC' in case of a change in the counsel on record and also states that all advocates whose names are included

in the vakalatnama, are required to accept and sign the same. The Notification dated 3rd Oct, 2016 states that evidence in support of Appeal, Application, Counter-statement, or reply to counter-statement be restricted to 500 pages. Further, where said evidence exceeds 200 pages, the same is to be filed in different volumes, with each volume comprising not more than 250 pages.

Ratio Decidendi

Mere phonetic similarity between marks not sufficient to prove infringement

The rival marks were 'Aachi' and 'Aarcee Megha Masala' used in in food products. The appellant claimed that use of the word Aarcee which was phonetically similar to Aachi which enjoyed tremendous goodwill, caused it material injury. The appellant was also aggrieved by the order of the Single Judge which granted injunction in respect of asafoetida sachet alone. However, the Division Bench agreed with the reasoning of the Single Judge that since Aarcee was used along with the words Megha Masala and Real Choice in bigger fonts, there was no confusion and no case was made out for granting injunction for all products. Comparing the various rival labels, it also found that the colour scheme of the alleged infringer was different. Also mark 'Aarcee Megha Masala' was a registered trademark. Hence, the Division Bench refused to interfere with the order of

the Single Judge. [*Aachi Masala Foods P Ltd v. Senthil Kumar*, O.S.A 145/2010, Judgement dated 26-9-2016, High Court of Madras]

Weighing confusion as regards foreign word in light of visual and phonetic similarity

The petitioner dealing in spices and other Indian food products, owned the trademark 'Aachi' and sought cancellation of the mark 'Aachi Aapakadai' which translates as grandma's or an elderly lady's *appam* (an Indian snack) shop. The respondent was registered for restaurant services. The petitioner contended that the respondent had not provided the correct translation of the common word 'Aachi'. If it had been communicated as grandmother rather than distinguished lady, the registration might have been refused. Thus the petitioner contended that the respondent had approached the office with unclean hands. While the TTAB did not think the use of the foreign equivalent may have influenced the

examiner, it found that being an unfamiliar word the visual similarity might confuse the customer into thinking that the same entity which was selling goods was also engaged in catering. Also the respondent could not prove that similar mark used in goods and services by different persons did not cause confusion. Also, the petitioner was a registered prior user. The TTAB thus ordered cancellation of the mark. [*Aachi Spices and Foods v. Kalidos Raju*, Decision dated 13-9-2016, TTAB]

High Court refuses to entertain writ urging infringement of privacy

The petitioners urged that by unilaterally changing the privacy policy, the internet messaging service Whatsapp had infringed the fundamental right to privacy. Initially the internet messaging service agreed to protect personal details and followed a policy of end to end encryption for messages. After it was taken over by Facebook, it notified its users that post September 2016, the privacy policy would change and existing users could opt out if they desired to do so. The Delhi High Court held that the matter was not amendable to exercising jurisdiction under Article 226 of the Constitution of India since the terms of service were not traceable to any statute. It also noted that the question of whether right to privacy was a fundamental right was pending before a Larger Bench of the Supreme Court. The High Court however ordered that details of existing users who opt not to share data should not be shared with Facebook. [*Karmanya Singh*

Saren & Anr v. UOI & Ors. W.P.(C) 7663/2016 & C.M.No.31553/2016, Judgement dated 23-9-2016, High Court of Delhi]

Similar marks to be compared as a whole to determine if confusion is caused

Examining the grievance of the appellant that the order of injunction against use of its mark 'Super Mor Chaap' for lime plaster, the Bombay High Court held that the respondent (earlier plaintiff) had a better claim to protection. The respondent was the registered owner and prior user of the mark 'Mor Chaap' for building construction materials and had built up enormous goodwill. He had opposed the registration of the rival mark Super Mor Chaap and hence the appellant could not claim that its adoption of the mark for similar goods was honest. The appellant also argued that the words *Mor* meaning peacock and *Chaap* meaning seal were common words and the respondent could not and in fact had not claimed exclusivity over the words. The appellant raised a plea that the injunction was hurting its business since it could not sell existing stock and could not pay its employees. However, the High Court refused to entertain the plea since it was not raised before the Trial judge. Stating that marks had to be compared for overall impression and effect of the user (mostly uneducated masons), the High Court refused to set aside the order of injunction. [*Rahul Uttam Suryavanshi v. Sunil Manikchand Kasliwal*, Appeal from Order No. 761/2016, Judgement dated 30-9-2016, Bombay High Court]

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