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## Article

### Rules for determining deceptive similarity in composite marks

By **Sarita Rout**

A Division Bench of the Delhi High Court recently dwelt upon the rules for determining deceptive similarity and consequent trade mark infringement when the conflicting trade marks under consideration are composite marks i.e. marks comprising of more than one element.

In the matter of *South India Beverages Pvt. Ltd. v. General Mills Marketing Inc.*<sup>1</sup>, the appellant/defendant appealed against the order of the Single Judge of Delhi High Court granting an interim injunction restraining it from using its mark 'D'DAAZ' or any other mark deceptively similar to respondent/plaintiff's trademark 'HAAGEN DAZS'. While the respondent had obtained registration for the trade mark 'HAAGEN DAZS' in India in respect of ice creams, frozen confectionary etc., in 1993, its products under the said brand name were made available in India only in 2007. On the other hand, the appellant claimed that the trade mark 'D'DAAZ' was derived from the name of its founder and has been in use in relation to ice creams and frozen desserts since 2009.

#### Comparison of Composite Trade Marks

The Division Bench in determining the similarity/dissimilarity between the two trade marks relied upon the "anti-dissection rule"

and "identification of dominant mark rule". The appellant's contentions in establishing that its mark is not deceptively similar or likely to cause confusion in the minds of consumers in respect of the respondent's trade mark were two-fold:

- a) By application of the principle of anti-dissection, plaintiff's mark 'HAAGEN DAZS' should be compared in its entirety as an indivisible whole with the mark 'DDAAZ' rather than dissecting the marks and comparing the corresponding components.
- b) Secondly, even if the constituent parts were to be considered independently, the rule of identification of the dominant part of the mark comes into play and 'HAAGEN' forming dominant part should be compared with the defendant's mark. Therefore, 'DAZS' being the non-dominant part of the respondent's mark, similarity on its basis would not amount to infringement of trade mark.

The High Court delved into several judgments pronounced on the basis of the above rules and the rationale behind the same. In doing so, it also relied upon the following extracts from McCarthy on *Trade Marks and Unfair Competition*:

<sup>1</sup> FAO (OS) 389/2014. Judgement pronounced on October 13, 2014.

“..it is not a violation of the anti-dissection rule to view the component parts of conflicting composite marks as a preliminary step on the way to an ultimate determination of probable customer reaction to the conflicting composites as a whole.”

“It has been held to be a violation of the anti-dissection rule to focus upon the prominent feature of a mark and decide likely confusion solely upon that feature ignoring all other elements of the mark”.

On a bare reading of the above extracts, it seems that the anti-dissection rule is antithetical to the principle of identification of dominant part. However, the Division Bench harmonized the two principles and observed that composite marks should be compared as a whole, which however does not imply that the overall impression created in the minds of the consumer may not, *in certain circumstances, be dominated by one or more of its components.*

The court, however, did not elaborate further on how both these principles could be applied simultaneously when comparing two composite marks. Though the court acknowledged the harmonization of the two rules discussed above, while deciding it rejected the arguments of the appellant for lack of any evidence to support their claim that ‘HAAGEN’ enjoys greater prominence than ‘DAZS’ and therefore is the dominant part of the respondent’s trade mark. It observed that both the components ‘HAAGEN’ and ‘DAZS’ are equally significant and dominant and therefore the appellant’s mark is deceptively similar. Furthermore, the court held that there exists a high degree of phonetic similarity between the mark of

respondent /plaintiff ‘DAZS’ and mark of the appellant /defendant ‘D’DAAZS’

### ***Price as a relevant factor in determining likelihood of confusion***

The appellant also attempted at obviating the likelihood of confusion by vehemently arguing on price difference of its products as against the higher priced products of the respondents as it went on to distinguish the target consumers of the respondent to be sophisticated consumers with the capacity to afford expensive ice creams. The court however, rejected this contention as it noted that the nature of the products was such that the consumer base included people from all age groups and strata.

The court further elaborated that the argument of segregation of target consumers based on price differences would be more aptly applicable in cases involving expensive investments by the consumers such as luxury cars, electronic gadgets and appliances. It distinguished the present case and observed that in case of products such as ice creams, the consumer does not necessarily exercise a high degree of care and caution in purchasing it. In essence, despite a lower degree of similarity, the inexpensive items purchased on impulse are more likely to be confused than expensive items which are chosen carefully.

Having said so, the High Court added a rider as it observed that sophisticated consumers also could not be held to be immune from confusion under all circumstances thereby lending a complete defence to infringement.

**[The author is an Associate, IPR Practice, Lakshmikumaran & Sridharan, New Delhi]**

## Ratio Decidendi

### Name of company similar to registered trademark, not permissible

Punjab and Haryana High Court has upheld the Order of Regional Director, Corporate Affairs holding that name of the company (Petitioner before the High Court) must be changed since part of its name was similar to the trademark of another company. The court in this regard took into consideration provisions of Section 20 of the Companies Act, 1956 as amended by Trademarks Act, 1999, relating to non-registration of companies with 'undesirable names'. According to said provisions, company name identical with or merely resembling a registered trademark itself is deemed to be undesirable. It was noted that petitioner here has in its name a product well known in the minds of public and associated with glucose through a brand name 'Glucos' which is an innovation of the company objecting to the registration.

With regard to the objecting company (Parle Products) picking only the petitioner, while there were number of other companies having similar names, it was held that the owner of a trade mark has liberty to choose his opponent who widely affect his business and whose presence might give a misleading information about a wrong association of the name of the company with the trade mark, and that complaining company cannot be compelled to go after every company. Finally, dismissing the writ petition, the court held that the petitioner being a manufacturer of other things also is

irrelevant here. [*Bharat Gluco Industries Private Limited v. Union of India* - Civil Writ Petition No.21013 of 2011 (O&M), decided on 28-10-2014, Punjab & Haryana High Court]

### Export of patented product for conducting studies, permitted

Bombay High Court has held that sale even outside India would fall within the sweep of Section 107A of the Patents Act, 1970 providing for no infringement in certain cases, if it is reasonably related to development and submission of information as required under a law in force in India or outside India. The court in this regard observed that the expression 'selling' is wide enough to even include cross border sales (exports) and that such safe harbor exception must extend to permit developing overseas sources also. The compulsory licence holder was hence allowed to export Active Pharmaceutical Ingredient (API) Sorafenib for the purposes of conducting development/clinical studies and trials for seeking regulatory approvals in that country. It was noted that inclusion of the act of 'selling', through an amendment made effective from year 2002 would have little meaning if patentee's contention that the exception is only available for the self use, is accepted.

The court while distinguishing similar provisions in the laws of Poland and USA, placed its reliance on the WTO's DSB panel finding relating to the Canadian provisions. The DSB panel had examined the practice of a chemical manufacturer selling API to a

manufacturer of generic formulations and found that the same was permissible within the framework of the Canadian patent law. Placing reliance on the said panel report, the court rejected the contention that the affirmative defence of Section 107A is available only to the manufacturer who uses the patented products for obtaining regulatory approvals for itself. Lastly, noting that use of the expression “reasonably relating to” in Section 107A would mean a reasonable nexus, the court held that there is reasonable nexus between the sale of the product by the compulsory licence holder to the Chinese company for the purpose of conducting bio-availability, bio-equivalence and stability studies, and submission of information under the law in force in China. [*Bayer Corporation v. Union of India* - CM 9687/2014 in W.P.(C) 1971/2014, decided on 5-11-2014], Bombay High Court

### Advertising and trademark/copyright infringement

Delhi High Court has declined to grant temporary relief for any infringement or passing off in the case involving alleged use, by the defendants, of original ‘fire-fighting script’ and ‘fireman device’, which are primarily and prominently the base themes of advertisement of the plaintiffs’ product. Similarly, no prima facie case was also found in respect of copyright infringement.

Noting that the subject matter of the registration was the representation of the device of man simply standing in posture wearing hat and not the firemen performing some extinguishing activities as in the case of defendants, the court found that it was difficult

to prima facie state that there existed any kind of similarity between the two devices even conceptually and structurally. Finding the marks to be different in representation, the court held that neither was there a question of taking advantage over the registered device’s goodwill, nor would the same be an infringement by way of the advertisement as provided in Section 29(4), 29(7) and 29(8) of the Trademark Act.

Further, the court, after comparing the fireman’s device with that of the representation of two/three men extinguishing fire in the defendant’s advertisement, and comparison of the two advertisements, was of the view that prima facie it was difficult to conceive a case of passing off. The court in this regard doubted the existence of goodwill and trans-border reputation of the plaintiff’s advertisement’s campaign as well as the device of firemen without the plaintiffs being present in India. Likewise, element of misrepresentation was also found to be missing in the present case. The court relied upon the judgement of Privy Council of Australia in the case of *Cadbury Schweppes Pty. Ltd. v. Pub Squash Co. Pty. Ltd.* In respect of copyright infringement, the court was of the view that by way of commonality in the plot, as similarities are bound to occur in an advertisement of antacid or drug curing acidity, there cannot be a case of copyright infringement in the theme or script of the plaintiff’s advertisement nor any infringement can be inferred on the aspect of the infringement of the copyright in the device. [*Reckitt Benckiser (India) Ltd. v. Dabur India Ltd.* - CS(OS) No.1829/2014, decided on 31-10-2014], Delhi High Court

## Similar marks on Pharma products – Confusion less likely

A question arose as to whether the mark MOMARID to be registered for pharmaceutical and veterinary preparations is likely to cause confusion with an existing mark LONARID for pharmaceutical and sanitary preparations. The General Court relying on various case laws opined that medicines, whether or not issued on prescription, can be regarded as receiving a heightened degree of attentiveness by consumers who are reasonably well informed and reasonably observant and circumspect. It thus upheld the conclusions of the OHIM [Office for Harmonisation in the Internal Market (Trade Marks and Designs)]. It agreed that the level of attention had to be considered to be above

average although pain and fever-reducing medication is available without prescription in pharmacies and even in para-pharmacies.

The Board of Appeal had earlier held that though there was likelihood of confusion, the goods were similar to a low degree or dissimilar and allowed the mark MOMARID to be registered for pharmaceutical and veterinary preparations. The Board of Appeal differentiated between the attention level of professionals in the pharmaceutical field which was likely to be high and that of the end consumer which would be above average. The opposer to MOMARID contended that the end-consumer would be less attentive and likely to be confused. [*Boehringer Ingelheim Pharma GmbH & Co. KG v. OHIM*, Case T75/13, General Court decision dated 2-12-2014]

## News Nuggets

### USPTO issues interim guidance on patentable subject matter

The United States Patent and Trademark Office (USPTO) issued the 2014 Interim Guidance on Patent Subject Matter Eligibility on 16-12-2014 and it will be open for comments from the public till March 16, 2015. It had issued Preliminary Instructions in June 2014 which are now superseded.

The Interim Guidance sets out the Office's interpretation of the subject matter eligibility requirements of 35 U.S.C. 101 in view of recent decisions by the Supreme Court and the U.S. Court of Appeals for the Federal Circuit (Federal Circuit) notably *Alice Corporation*, *Myriad* and *Mayo*. An illustrative flowchart for

a two-part analysis, indicating the various steps to decide patent eligibility in terms of whether the claim as a whole is directed to a judicial exception and whether the claim recites a patent-eligible application of the exception, is provided.

A claim which is directed to a law of nature, natural phenomenon, or abstract idea will be subjected to what is called the Part 2 Mayo test as to whether the claim recites additional elements that amount to significantly more than the judicial exception. If the claim amounts to something significantly more it will be patent eligible. The example of the isolated DNA coding for a BRCA1 polypeptide (*Myriad*), having the amino acid sequence which is

not markedly different from its naturally occurring counterpart (BRCA 1 gene), and thus does not pass the Part 2 test is provided. A number of other examples from decided cases form part of the guidance material along with analysis of eligibility as per the new guidelines. It however states that mere presence of an exception does not necessarily render a claim ineligible.

### Royalty payments for use of patents post-expiry

The Supreme Court of United States, on 12-12-2014, granted certiorari and will decide on the question of whether it should overrule *Brulotte v. Thys Co.*, 379 U.S. 29 (1964), which held that a license agreement requiring royalty payments for use of a patented invention after the expiration of the patent term is unlawful *per se*.

The petitioners negotiated a settlement with a company which was using their (at that time) patent pending idea to make a toy to weave webs like Spiderman. The agreement provided for payment of royalties even post expiration of the patent period. At the time of settlement the parties were not aware of *Brulotte* and did not differentiate between patent related and non-patent related rights. The petitioner sued the toy company on cessation of payment and the lower court citing *Brulotte* held that no royalty could be collected for the post patent period. The petitioners then approached the Supreme Court seeking overruling of the judgement which they argue is outdated, does not

take into account economic realities and is anti-competitive. Some of the interesting arguments put forth are that the 'unlawful *per se*' holding is a judge made law capable of being overruled and is based on the wrong premise that having a patent automatically confers market power. Further, if patent holder cannot leverage his monopoly adequately during the period of protection, spread out the royalty over a longer period bringing down costs for the consumers eventually he will be forced to charge higher rates for the period during which protection is available.

The opposing parties and the US Government argued against the petition stating that *Brulotte* was not amended for over half a century despite repeated debates and it only bars payment for use of invention beyond the mandated period of monopoly and parties are free to structure the royalty payments deferring them appropriately.

### On fair use of compensatory mechanism

The recent amendment on private copying to copyright law in UK will, shortly, be tested for validity. Following recommendation of the Hargreaves Commission, UK introduced certain exceptions like parody, private use, criticism, etc., wherein copying would not be considered infringement. Unlike other EU states like France and Netherlands, UK does not impose any levy/ compensation to be paid to right owners.

The British Academy of Songwriters, Composers and Authors (BASCA), Musicians'

Union (MU) and UK Music contend that absence of provisions to compensate right holders goes against Article 5 (2)(b) of EU Directive which states that Member States may provide for exceptions or limitations to the reproduction right on the condition that right holders receive fair compensation. This issue was raised by the Joint Committee on Statutory Instruments prior to enactment and the Department for Business, Innovation and Skills had submitted that Article 5(2) (b) of the Directive, when read together

with recital (35) and Article 5(5), does not require the establishment of a compensation scheme in cases where the private copying exception is narrow in scope and does not cause harm (or causes only minimal harm) to right holders. The amendments regarding exception provide that copies can be made only from an individual lawfully acquired copy and not from another's private copy, bar distributing or sharing the copy in any form even temporary lending to family or friends and so on.

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