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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ C.O. (COMM.IPD-TM) 16/2021 & I.A. 13589/2021

BPI SPORTS LLC Petitioner

Through: None

Versus

SAURABH GULATI & ANR.Respondents

Through: None

CORAM:

HON'BLE MR. JUSTICE C.HARI SHANKAR

JUDGMENT (ORAL)

27.04.2023


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1. This is a petition under Section 57 of the Trade Marks Act, 1999. The petitioner seeks rectification of the register of trade marks by removal, therefrom, of the trademark "BPI SPORTS" registered as a word mark in favour of Respondent 1 in Class 5 of the NICE classification, for "health food supplements, dietary supplements and nutritional supplements".


2. The case set up by the petitioner is, fundamentally, that Respondent 1 has fraudulently obtained registration of the impugned mark BPI SPORTS, which belongs to the petitioner and stands registered in its favour, albeit in the US. The petitioner alleges that Respondent 1 is resorting to trade mark squatting, as it has no intention of using the mark BPI SPORTS and has merely got the mark registered in its favour, so as to avoid the mark being registered in favour of the petitioner.

Facts

3. The petitioner is a company incorporated in Florida, USA. It claims to be a leading player in the dietary and nutritional supplements sector. The word mark “BPI SPORTS” and the device mark  stand registered in favour of the petitioner on 15th July 2014 and 28th November 2017 respectively in the US, in Class 5 in respect of dietary and nutritional supplements. The petitioner claims to have been using the said mark “BPI SPORTS” for dietary and nutritional supplements since 28th January 2009. As per the averments in the petition, the petitioner commenced using the mark “BPI SPORTS” in India in January 2019. As such, even as on date, the petitioner has, to its credit, only four years’ experience of use of the asserted mark “BPI SPORTS” in India.

4. The petitioner claims that Respondent 1 was one of the persons who was importing the goods of the petitioner in India, under the mark . According to the petitioner, Respondent 1 surreptitiously applied and obtained registration, in its favour, of the word mark BPI SPORTS in Class 5 for health food supplements, dietary supplements and nutritional supplements. Application No. 4422891 was submitted by Respondent 1, for the said registration on 28th January 2020, on “proposed to be used” basis, and the word mark BPI SPORTS was registered in favour of Respondent 1 with effect from the said date *vide* certificate dated 26th September 2020. It is this registration of which the present petition seeks evisceration from the register of trade marks.

5. The petitioner came to learn of the impugned registration of the

mark BPI SPORTS in favour of Respondent 1 on 20th May 2021, when the petitioner submitted Application No. 4978941 to the office of Registrar of Trade Marks for registration of the device mark  in its favour.

6. The petitioner, by the present petition under Section 57¹ of the Trade Marks Act, 1999, seeks removal of Respondent 1's word mark 'BPI Sports' from the register of Trade Marks and consequent rectification of the register.

7. Notice was issued in this petition on 21st October 2021. As Respondent 1 did not choose to appear despite service of notice, this Court proceeded *ex parte* against Respondent 1 *vide* order dated 4th April 2022.

8. I have heard Mr. Alankar Kirpekar on behalf of the petitioner, assisted by Mr. Jaspreet Singh Kapur. There is no appearance on behalf of the respondents. Nor has any response been filed to the petition by either of the respondents.

Petitioner's Stand

9. The petition avers that, as the prior adopter and user of the mark

¹ 57. **Power to cancel or vary registration and to rectify the register.** –

(1) On application made in the prescribed manner to the High Court or to the Registrar by any person aggrieved, the Registrar or the High Court, as the case may be, may make such order as it may think fit for cancelling or varying the registration of a trade mark on the ground of any contravention, or failure to observe a condition entered on the register in relation thereto.

(2) Any person aggrieved by the absence or omission from the register of any entry, or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error or defect in any entry in the register, may apply in the prescribed manner to the High Court or to the Registrar, and the Registrar or the High Court, as the case may be, may make such order for making, expunging or varying the entry as it may think fit.

BPI SPORTS, which is registered in its favour in the US in 2014 and 2017 both as a word mark and as a device mark, the petitioner is entitled to claim common law rights over the said mark, in preference to Respondent 1. It is also asserted that, by dint of long and continuous use, the mark BPI SPORTS has become a source identifier of the petitioner. The adoption and use of the identical mark, by the respondent, it is submitted, is bound to create confusion in the market.

10. Mr. Kirpekar submits that the entire exercise of adoption, use and obtaining of registration in respect of the impugned mark is coloured by fraud. He submits that Respondent 1 was the importer of the petitioner and was well aware of the petitioner's mark and the repute that it commands, both nationally and internationally. For this purpose, he has invited my attention to e-mails dated 23rd May 2019 from Respondent 1 to the petitioner as well as to the response of the petitioner thereto. These emails read as under:

“Hey Whitney

I would love to be a part of this! As India knows very well about this. I was eagerly waiting for the same.

However I just have one question, will the distributor push and give sales target? Because sales target is something I am not sure about. But I will promote the brand at my full capacity.

Thanks & Regards

Shweta S

On Thu, May 23, 2029, 12:22 AM Whitney Reid whitney@bpisports.net wrote:

Hi Shweta,

I believe you spoke to my wife (India Paulino) a few weeks back about joining team BPI>

We would love to have you on our team! At the moment our marketing budget for International athletes has been completely spend but I can offer you 8 free products per month.

These products will be supplied by our distributor in Mumbai, Pearl Distributors.

Please let me know if you are interested and I will connect you with the correct person on our marketing team who will assist the

contract and swag/apparel.

Thank you!

Whitney Reid | Executive Vice President
3149 SW 42nd St. Suite 200 – Hollywood, FL 33312
PH 954.926.0900 C 954.734.3092 FAX 954.284.3381
bpisports.com”

11. Mr. Kirpekar has also placed reliance on invoice dated 31st January 2019, whereunder the petitioner’s products under the brand BPI SPORTS, were shipped from Hollywood to New Jersey, as well as the consequent invoice dated 2nd March 2019, whereby they were further transported to Pearl International, Mumbai, who was the petitioner’s selling agent in India. As such, he submits that the petitioner was enjoying transborder reputation in India even as far back as in January 2019 to the knowledge of Respondent 1.

12. Mr. Kirpekar places reliance on the judgment of the Division Bench of this Court in *Century Traders v. Roshan Lal Duggal*², to contend that continuous or extended user was not necessary for common law rights to emerge in favour of the petitioner and that even a single act of user was sufficient. He has relied, for this purpose, on the following words from paras 9, 11, 12 and 14 of the report in the said case:

“9. The *prima facie* case in favour of the appellant stands established by admitted user of the mark by the appellant on voiles produced and marketed by it. It has been lightly so held even by the learned Single Judge. ...

11. In *Consolidated Foods Corporation v. Brandon and Co., Private Ltd.*³, it was observed that “A trader acquires a right of property, in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and the extent of his trade. The trader who adopts such a mark is

² ILR (1977) II Del 42

³ A.I.R. 1965 Bombay 35

entitled to protection directly the article having assumed a vendible character is launched upon the market. Registration under the statute does not confer any new right to the mark claimed or any greater rights than what already existed at common law and at equity without registration. It does, however, facilitate a remedy which may be enforced and obtained throughout the State and it established the record of facts affecting the right to the mark. Registration itself does not create a trade mark. The trade mark exists independently of the registration which merely affords further protection under the Statute. Common law rights are left wholly unaffected. Priority in adoption and use of a trade mark is superior to priority in registration.

12. For the purpose of claiming such proprietorship of a mark, it is not necessary that the mark should have been used for considerable length of time. As a matter of fact, a single actual use with intent to continue such use *eo instanti* confers a right to such mark as a trademark. It is sufficient if the article with the mark upon it has actually become a vendible article in the market with intent on the part of the proprietor to continue its production and sales. It is not necessary that the goods should have acquired a reputation for quality under that mark. Actual use of the mark under such circumstances as showing an intention to adopt and use it as a trade-mark is the test rather than the extent or duration of the use. A mere casual, intermittent or experimental use may be insufficient to show an intention to adopt the mark as a trade mark for specific article or goods...”

14. Thus, the law is pretty well-settled that in order to succeed at this stage the appellant had to establish user of the aforesaid mark prior in point of time than the impugned user by the respondents. The registration of the said mark or similar mark prior in point of time to user by the appellant is irrelevant in an action passing off and the mere presence of the mark in the register maintained by the trade mark registry did not prove its user by the persons in whose names the mark was registered and was irrelevant for the purposes of deciding the application for interim injunction unless evidence had been led or was available of user of the registered trade marks. In our opinion, these clear rules of law were not kept in view by the learned Single Judge and led him to commit an error.”

13. On the aspect of percolation of the international reputation of the petitioner in India, Mr. Kirpekar has relied on the decision of the

High Court of Bombay in *Aktiebolaget Volvo v. Volvo Steels Ltd.*⁴, specifically advertent to paras 68 to 70 of the said decision, which read thus:

“68. The question is whether the aforesaid reputation and goodwill has reached India. In other words whether the plaintiffs are in a position to show its presence in India. Apart from the international magazines to which we have made a reference and which have circulation in India, Shri Tulzapurkar relied upon the affidavits filed on behalf of the plaintiffs. Affidavit of one Kamalkant Chotalal Joshi of Bombay states that he has come across the name Volvo advertised in various international magazines and newspapers such as the Business Week and the Times magazine; that the name Volvo is well known in India and relates to a sturdy set of cars and trucks manufactured by the group of companies established in Sweden called A.B. Volvo. Similar affidavit of one Lalit Maneklal Shah is on record. Of course such an opinion/evidence of individuals may not be of much weight. In the affidavit of Vikram Singh the Constituted Attorney of the Plaintiffs, a reference is made to certain documents and the documents are annexed at Exhibit. B1 to B5. Exhibit N1 is a certificate of inspection dated 13-6-1974 by India Supply Mission, London, the consignee being the Commandant, Central Ordnance Depot, Jabalpur as supplied by the plaintiffs for out-board motors which were 133 in number. Exhibit B2 is an invoice No. I-LK 82644, dt. 20-12-1974 the consignee being the Commandant, Embarkation headquarters, Colaba, Bombay as supplied by Plaintiffs for 267 crates of Outboard motors. Exhibit B3 is a letter dated 17-4-1974 addressed to the Orissa University of Agriculture and Technology, by the plaintiff's company. Exhibit B4 is a letter dated 17-1-1974 addressed to Pearey Lal & Sons (East Punjab) private Ltd., Janpath, Delhi by the plaintiffs company regarding details or representation. Exhibit B5 are the extracts from an agency agreement between the plaintiffs company and Scanind Pvt. Ltd., New Delhi dt. 19-3-1978. The affidavit also makes a reference to a concessionaire contract between the plaintiffs and Hyder (India) Pvt. Ltd. of Kodak India for the Volvo Penta Industrial Engines accessories and spare parts dated 24.3.1970.

69. Shri Tulzapurkar also pointed out that the plaintiffs have registered the trade mark 'Volvo' in Class VII under the Trade and Merchandise Marks Act in Bombay in respect of marine engines, aircraft engines for industrial, agricultural and forestry machines, stationary combustion engines and parts and fittings included in class 7 for all the aforesaid engines, turbines and electric motors, none being for land vehicles, electric generators, converters for liquid fuels, injectors, vaporizers, ignition devices and parts thereof

⁴ 1998(18)PTC 47(Bom)

all included in class 7, sparking plugs, silencers, spark arrestors for combustion engines, bearings, shifts, shift scales, gear wheels etc. in the year 1982 as of 10-9-1975. The plaintiffs have also registered 'Volvo' in Bombay under the Trade and Merchandise Marks Act 1958 in class XII on 26-11-1986 as on 15-5-1980 in respect of land vehicles and parts thereof included in Class XII. Shri Tulzapurkar also pointed out that in respect of Volvo Cars, there have been advertisements on Star TV between 18th October and 1st November, 1994.

70. In our opinion the aforesaid material does indicate that Volvo has shown its presence in India and although Shri Devetri may be right in his submission that it cannot be stated that Volvo has become household name, we are of the opinion that the aforesaid material prima facie shows that Volvo is recognised as one of the distinctive brands and that it has very large reputation and goodwill throughout the world and the plaintiffs have been successful to show prima facie its presence in India.”

14. Mr. Kirpekar has further placed reliance on para 11 of the decision of the High Court of Bombay in *Kamal Trading Company v. Gillette UK Ltd*⁵ and on paras 8 to 12 of the judgment of the High Court in *Milmet Oftho Industries v. Allergan Inc*⁶.

15. Mr. Kirpekar has also taken me through listings of the petitioner’s product on Twitter, Instagram and YouTube. He has further averred to a “Certificate of Free Sale, Health and Sanitation”, issued by the department of Florida Department of Agriculture and Consumer Services to the petitioner, which certifies the issuance of an Annual Food Permit to the petitioner for shipment meant for international export to India.

16. Mr. Kirpekar pointed out that, while Respondent 1 applied for registration of the impugned mark, in India, only on 28th January 2020, on proposed to be used basis, the petitioner was actually

5 1988 (8) PTC 1 (Bom)
6 2004 (75) DRJ 109 (SC)

carrying on business in the impugned mark in India prior to the said date. He reiterates that Respondent 1 was only importing goods under the impugned mark and has no intention to use the mark in India. As such, Respondent 1, according to Mr. Kirpekar, is a trademark squatter, who has got the impugned mark registered in its favour merely so as to obstruct registration of the said mark by the petitioner. Mr. Kirpekar has sought to rely on invoices placed on record from pages 33 to 124 of a list of additional documents filed by the petitioner under an index dated 9th March 2023, to vouchsafe the petitioner's reputation.

Analysis

17. The present proceedings are instituted under Section 57 of the Trade Marks Act. Section 57 of the Trade Marks Act permits rectification of the register of Trade Marks and removal therefrom any mark in certain specified circumstances. Sub section (1) deals with a case in which there is “any contravention or failure to observe a condition entered on the register” in relation to the concerned mark. Sub section (2), on the other hand, envisages three circumstances in which removal of a mark from the register of trade mark may be sought. These are where the entry relating to the mark is made without sufficient cause, where it wrongly remains on the register or where there is any error or defect in the entry.

18. Without going into the niceties of the differences between these expressions as employed in Section 57(2), it is clear that, into whichever category the case may fall, the mark must be shown to be incapable of registration on one of the absolute grounds envisaged by Section 9 or on one of the relative grounds for refusal to register

envisaged in Section 11. Section 9 of the Trade Marks Act, admittedly, does not apply in the present case. However, the plaintiff avers that the impugned mark is liable to be removed from the register as it was not entitled to registration under any of the Clauses (1), (2) and (3) of Section 11⁷ of the Trade Marks Act.

19. Before proceeding further, I may note that, in para 23 as well as in Grounds A and G of the petition, the petitioner has also pleaded that registration of the impugned BPI SPORTS word mark in favour of Respondent 1 infringes the registered trade marks of the petitioner. This is an obviously incorrect submission, as the petitioner holds no registration in its favour in India of the mark BPI SPORTS either as a word mark or as a device mark, and infringement, under Section 29 of the Trade Marks Act, can only be of a registered trade mark. A litigant who approaches the Court is required to come with clean hands, and this would envelop not only assertions of fact but also assertions of law. I would have been inclined to take a serious view of these assertions in the petitioner; however, as it is fairly disclosed, elsewhere in the petition, that the petitioner has no trade mark

⁷ **11. Relative grounds for refusal of registration. –**

- (1) Save as provided in Section 12, a trade mark shall not be registered if, because of –
 - (a) its identity with an earlier trade mark and similarity of goods or services covered by the trade mark; or
 - (b) its similarity to an earlier trade mark and the identity or similarity of the goods or services covered by the trade mark,there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.
- (2) A trade mark which –
 - (a) is identical with or similar to an earlier trade mark; and
 - (b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered in the name of a different proprietor,shall not be registered if or to the extent the earlier trade mark is a well-known trade mark in India and the use of the later mark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trade mark.
- (3) A trade mark shall not be registered if, or to the extent that, its use in India is liable to be prevented –
 - (a) by virtue of any law in particular the law of passing off protecting an unregistered trade mark used in the course of trade; or
 - (b) by virtue of law of copyright.

registered in its favour in India, I refrain from doing so.

20. Accordingly, the submissions of Mr. Kirpekar are being considered on merits.

21. The plaint invokes sub-sections (1), (2) and (3) of Section 11 of the Trade Marks Act.

22. In my view, none of these provisions would apply.

23. Sub-sections (1) and (2) of Section 11 are both applicable where the mark, of which registration is sought, is identical with, or similar to, an “earlier trade mark”. The expression “earlier trade mark” is defined, in the Explanation following Section 11(4), for the purposes of the entire Section 11, thus:

“Explanation. – For the purposes of this section, earlier trade mark means –

(a) a registered trade mark or an application under Section 18 bearing an earlier date of filing or an international registration referred to in Section 36-E or convention application referred to in Section 154 which has a date of application earlier than that of the trade mark in question, taking account, where appropriate, of the priorities claimed in respect of the trade marks;

(b) a trade mark which, on the date of the application for registration of the trade mark in question, or where appropriate, of the priority claimed in respect of the application, was entitled to protection as a well-known trade mark.”

24. The Petitioner’s BPI SPORTS trademark is neither a registered trademark, nor a trademark covered by an application relatable to Section 18, Section 36E or Section 154 of the Trade Marks Act. Nor does the petition so aver.

25. Nor is the petitioner's trade mark a "well known trade mark". A "well known trade mark", as defined in clause (zg) of Section 2(1) of the Trade Marks Act, "means a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person during the mark in relation to the first-mentioned goods or services". The factors, which are required to be taken into account while deciding whether a mark qualifies as a well-known trade mark, stand enumerated in Section 11(6), which reads thus:

"(6) The Registrar shall, while determining whether a trade mark is a well-known trade mark, take into account any fact which he considers relevant for determining a trade mark as a well-known trade mark including –

- (i) the knowledge or recognition of that trade mark in the relevant section of the public including knowledge in India obtained as a result of promotion of the trade mark;
- (ii) the duration, extent and geographical area of any use of that trade mark;
- (iii) the duration, extent and geographical area of any promotion of the trade mark, including advertising or publicity and presentation, at fairs or exhibition of the goods or services to which the trade mark applies;
- (iv) the duration and geographical area of any registration of or any application for registration of that trade mark under this Act to the extent they reflect the use or recognition of the trade mark;
- (v) the record of successful enforcement of the rights in that trade mark; in particular, the extent to which the trade mark has been recognised as a well-known trade mark by any court or Registrar under that record."

There is, admittedly, no declaration of the petitioner's mark as a "well-known trade mark". Given the fact that the petitioner has entered the Indian market only in 2019, it is extremely questionable as to whether the petitioner's BPI SPORTS mark qualifies as a well-known trade mark on the basis of criteria that envisaged in Section 11(6).

26. The petitioner's marks, therefore, do not qualify as "earlier trade marks" for the purposes of Section 11. Sub-sections (1) and (2) of Section 11 would not, therefore, apply in the present case.

27. Indeed, the submissions of Mr. Kirpekar mainly centred around Section 11(3), rather than Section 11(1) or Section 11(2). Mr. Kirpekar's submission is that, by use of the impugned mark, the Respondent 1 is seeking to pass off its products as that of the petitioner and that, therefore, for that reason, the respondent's mark was not entitled to registration.

28. Section 11(3)(a) proscribes registration of a mark to the extent that the use of the mark in India is liable to be prevented "by virtue of any law, in particular the law of passing off protecting an unregistered mark used in the trade". Passing off, which is a common law tort, proscribes the use of a mark if such use would involve the possibility of an average consumer believing the goods, on which a later mark is used, to be the goods of the user of the earlier mark, owing to the deceptive similarity between the marks. It essentially manifests intent, of the user of the later mark to, by so doing, pass off his goods, or services, as the goods or services of the user of the earlier mark.

29. The principles relating to passing off have been exhaustively delineated within several authoritative pronouncements, including *Wockhardt Ltd. v. Torrent Pharmaceuticals Ltd.*⁸, *Satyam Infoway Ltd. v. Siffynet Solutions (P) Ltd.*⁹ and *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*¹⁰, after considering which this Bench has, in *FDC Limited v. Faraway Foods Pvt. Ltd.*¹¹, identified the following ingredients of passing off:

“(i) Passing off, though an action based on deceit, does not require the establishment of fraud as a necessary element to sustain the action. Imitation or adoption, by the defendant, of the plaintiffs trade mark, in such manner as to cause confusion or deception in the mind of prospective customers, is sufficient.

(ii) The principles for grant of injunction, in passing off actions, are the same as those which govern the grant of injunctions in other cases, i.e. the existence of a *prima facie* case, the balance of convenience, and the likelihood of irreparable loss in issuing to the plaintiff, were injunction not to be granted.

(iii) Proof of actual damage is not necessary, to establish passing off. However, proof of misrepresentation is necessary, even if intent to misrepresent is not approved. The question of intent may, nevertheless, be relevant, when it comes to the ultimate relief to be granted to the plaintiff.

(iv) Passing off may be alleged by a claimant who owns sufficient proprietary interest in the goodwill associated with the product, which is really likely to be damaged by the alleged misrepresentation.

(v) Grant of injunction, in cases where passing off is found to exist, is intended to serve two purposes, the first being preservation of the reputation of the plaintiff, and the second, safeguarding of the public against goods which are “passed off as those of the plaintiff.

(vi) The ingredients/indicia of the tort of passing off are the following:

⁸ (2018) 18 SCC 346

⁹ (2004) 6 SCC 145

¹⁰ (2001) 5 SCC 73

¹¹ 2021 SCC OnLine Del 1539

- (a) There must be sale, by the defendant, of goods/services in a manner which is likely to deceive the public into thinking that the goods/services are those of the plaintiff.
- (b) The plaintiff is not required to prove long user to prove established reputation. The existence, or otherwise, of reputation, would depend upon the volume of the plaintiff's sales and the extent of its advertisement.
- (c) The plaintiff is required to establish
- (i) misrepresentation by the defendant to the public, though not necessarily *mala fide*,
 - (ii) likelihood of confusion in the minds of the public (the public being the potential customers/users of the product) that the goods of the defendant are those of the plaintiff, applying the test of a person of "imperfect recollection and ordinary memory",
 - (iii) loss, or likelihood of loss, and
 - (iv) goodwill of the plaintiff, as a prior user.

Elsewhere, the five elements of passing off have been identified as (a) misrepresentation, (b) made by the trader in the course of trade, (c) to prospective customers or ultimate consumers of the goods or services supplied by him, (d) calculated to injure the business or goodwill of another (i.e. that such injury is reasonably foreseeable) and (e) actual damage, or the possibility of actual damage, to the business or goodwill of the plaintiff.

(x) Passing off differs from infringement. Passing off is based on the goodwill that the trader has in his name, whereas infringement is based on the trader's proprietary right in the name, registered in his favour. Passing off is an action for deceit, involving passing off the goods of one person as those of another, whereas an action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for vindication of its exclusive right to use the trade mark in relation to the goods in respect of which registration has been granted. Use of the trade mark by the defendant is not necessary for infringement, but it is a *sine qua non* for passing off. Once sufficient similarity, as is likely to deceive, is shown, infringement stands established. Passing off, however, may be resisted on the ground of added material, such as packing, procurement through different trade channels, etc., which would distinguish the goods of the defendant

from those of the plaintiff and belie the possibility of confusion or deception.”

30. For a mark which is primarily used in abroad, if a case of passing off, against an Indian mark is sought to be made out, the plaintiff has necessarily to establish that the reputation of the mark abroad has spilled over into India, to the extent that the plaintiff has sufficient trans-border reputation, as would make out a case of passing off. The reason is obvious. The very concept of passing off involves a customer being deceived into believing the goods of the defendant to be those of the plaintiff, owing to the use of the impugned mark by the defendant. Passing off is essentially, therefore, in the nature of a tort of deceit, in which the defendant seeks, by surreptitious methods – in the case of trademarks, by using an identical or deceptively similar trademark – to encash the goodwill and reputation of the plaintiff. For that, however, the plaintiff must have the necessary goodwill or reputation. It is for this reason that Courts have held that, where the plaintiff’s mark is primarily used abroad, a case of passing off, *vis-a-vis* an Indian mark, can be made out only if there is evidence of sufficient trans-border reputation, i.e. of spillover of the reputation abroad into India.

31. *Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd*¹² (“Toyota” hereinafter) is regarded as an authority on the concept of trans-border reputation. It is worthwhile, therefore, to study the said decision.

31.1 Toyota Jidosha Kabushiki Kaisha (“Toyota”) was a

¹² (2018) 2 SCC 1

manufacturer of automobiles, incorporated in Japan. Toyota instituted a suit against Prius Auto Industries Ltd. (“Prius”) in this Court, alleging infringement and passing off, by Prius, by use of the marks ‘TOYOTA’, ‘TOYOTA INNOVA’, ‘TOYOTA DEVICE’ and ‘PRIUS’. Toyota claimed priority of user. Interlocutory injunction was granted, by a learned Single Judge of this Court, in favour of Toyota and against Prius, in respect of all these marks. Prius appealed to the Division Bench of this Court only against the injunction granted against use, by it, of the ‘PRIUS’ mark. The Division Bench allowed Prius’ appeal, and set aside the injunction granted in favour of Toyota and against Prius, qua use of the ‘PRIUS’ mark by the latter. Toyota appealed to the Supreme Court.

31.2 Before the learned Single Judge, Prius contended that the mark ‘PRIUS’ had not been registered in favour of Toyota for any product, and no PRIUS car had been shown to have been sold in India so as to result in creation of any goodwill therein. The product itself not being in existence in India, Prius contended that there was no possibility of Indian customers identifying the defendant's registered ‘PRIUS’ trade mark with Toyota's products. Prius claimed, in fact, to be the first in the Indian market to manufacture add on accessories.

31.3 The learned Single Judge of this Court held that as (i) Toyota was the first in the world market to use the mark ‘PRIUS’, (ii) the goodwill and reputation of the brand ‘PRIUS’, given quantum of sales of ‘PRIUS’ cars and exponential rise thereof, and (iii) the permeation, into India, of the goodwill and reputation of Toyota in the mark ‘PRIUS’, Toyota was entitled to an injunction as sought. In arriving at the said decision, the learned Single Judge took into account (a) the

fact that the plaintiff's websites had been visited by many Indians seeking information about Prius cars, (b) exhibitions of the car held in *India* and other countries, (c) advertisements in different automobile magazines and cover stories in international magazines and journals, and (d) availability of information regarding the car in information-disseminating portals such as Wikipedia and Britannica. The learned Single Judge relied on *N.R. Dongre v. Whirlpool Corporation*¹³ and *Milmet Oftho*⁶ to hold that the Court was required to examine who was first in using the mark in the world market. Given the repute that the mark had earned internationally, which, according to the learned Single Judge, had permeated into India, Toyota was held to be entitled to an injunction.

31.4 The Division Bench of this Court disagreed with the learned Single Judge. It was held that the learned Single Judge had taken into accounts facts pertaining to a period after the date of first use of the impugned PRIUS mark by Prius. The reportage, and advertising, of the launching of the Prius car by Toyota in 1997 was held not to be groundbreaking, and figured as small news items in select papers. The Division Bench held that the Universality doctrine (which posits that a mark signifies the same source the world over) had been replaced with the Territoriality doctrine (which recognized the separate existence of the trade mark in each country). Prior to April 2001, when Prius commenced use of the impugned PRIUS mark in India, internet penetration in the country was held to be limited, and insufficient to justify an inference of establishment, by Toyota, of its goodwill and reputation in India.

¹³ (1996) 5 SCC 714

31.5 The Supreme Court, in its judgment, identified, at the outset, the three ingredients of passing off as goodwill of the plaintiff, misrepresentation by the defendant, and damage suffered by the plaintiff as a consequence.

31.6 Paras 29 to 39 of the report, thereafter, deal with the Territoriality doctrine, which applied to trade mark passing off in preference to the Universality doctrine. They merit reproduction, *in extenso*, thus:

“29. The view of the courts in UK can be found in the decision of the UK Supreme Court in *Starbucks*¹⁴ wherein Lord Neuberger observed as follows:

“52. As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough.... The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction, but it is not necessary that the claimant actually has an establishment or office in this country. In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for a claimant to show that there are people in this jurisdiction who happen to be its customers when they are abroad. However, it could be enough if the claimant could show that there were people in this jurisdiction who, by booking with, or purchasing from, an entity in this country, obtained the right to receive the claimant's service abroad. And, in such a case, the entity need not be a part or branch of the claimant : it can be someone acting for or on behalf of the claimant.”

30. It seems that in *Starbucks*¹⁴, the Apex Court of UK had really refined and reiterated an earlier view in *Athletes' Foot Mktg. Associates Inc. v. Cobra Sports Ltd.*¹⁵, to the following effect:

“... 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. This will normally shortly be

¹⁴ *Starbucks (HK) Ltd v. British Sky Broadcasting Group*

¹⁵ **1980 RPC 343**

expressed by stating that he does not carry on any trade in that particular country ... but the inwardness of it will be that he has no customers in that country ...”

31. A passing reference to a similar view of the Federal Court of Australia in ***Taco Bell v. Taco Co. of Australia***¹⁶, may also be made.

32. *Prof. Cristopher Wadlow's view on the subject appears to be that the test of whether a foreign claimant may succeed in a passing-off action is whether his business has a goodwill in a particular jurisdiction, which criterion is broader than the “obsolete” test of whether a claimant has a business/place of business in that jurisdiction. If there are customers for the claimant's products in that jurisdiction, then the claimant stands in the same position as a domestic trader.*

33. *The overwhelming judicial and academic opinion all over the globe, therefore, seems to be in favour of the territoriality principle. We do not see why the same should not apply to this country.*

34. To give effect to the territoriality principle, the courts must necessarily have to determine *if there has been a spillover of the reputation and goodwill of the mark used by the claimant who has brought the passing-off action.* In the course of such determination it may be necessary to seek and ascertain the existence of not necessarily a real market but *the presence of the claimant through its mark within a particular territorial jurisdiction in a more subtle form* which can best be manifested by the following illustrations, though they arise from decisions of courts which may not be final in that particular jurisdiction.

35. In ***LA Societe Anonyme Des Anciens Etablissements Panhard v. Panhard Levassor Motor Co. Ltd.***¹⁷, the plaintiffs were French car manufacturers who had consciously decided to not launch their cars in England (apprehending patent infringement). Nevertheless, some individuals had got them imported to England. It was seen that England was one of the plaintiff's markets and thus, in this case, permanent injunction was granted. Similarly in ***Grant v. Levitt***¹⁸, a Liverpool business concern trading as the Globe Furnishing Company, obtained an injunction against the use of the same name in Dublin as it was observed that advertisements by the plaintiff had reached Ireland and there were Irish customers.

¹⁶ (1981) 60 FLR 60 (Aust)

¹⁷ (1901) 2 Ch 513

¹⁸ (1901) 18 RPC 361

36. *C & A Modes v. C & A (Waterford) Ltd.*¹⁹, was a case where the plaintiffs operated a chain of clothes stores throughout the UK and even in Northern Ireland but not in the Republic of Ireland where the defendants were trading. The Court held that,

“a very substantial and regular custom from the Republic of Ireland was enjoyed by this store. Up to that time an excursion train travelled each Thursday from Dublin to Belfast, and so great was the influx of customers from the Republic as a result of that excursion that the store ordinarily employed extra part-time staff on Thursday on the same basis as it did on Saturday which were normally the busiest shopping days.”

The said view has since been upheld by the Irish Supreme Court.

37. Whether the second principle evolved under the trinity test i.e. triple identity test laid down in *Reckitt & Colman Products Ltd. v. Borden Inc.*²⁰ would stand established on the test of likelihood of confusion or real/actual confusion is another question that seems to have arisen in the present case as the Division Bench of the High Court has taken the view that the first test i.e. likelihood of confusion is required to be satisfied only in *quia timet* actions and actual confusion will have to be proved when the suit or claim is being adjudicated finally as by then a considerable period of time following the initiation of the action of passing-off might have elapsed. Once the claimant who has brought the action of passing-off establishes his goodwill in the jurisdiction in which he claims that the defendants are trying to pass off their goods under the brand name of the claimant's goods, the burden of establishing actual confusion as distinguished from possibility thereof ought not to be fastened on the claimant. *The possibility or likelihood of confusion is capable of being demonstrated with reference to the particulars of the mark or marks, as may be, and the circumstances surrounding the manner of sale/marketing of the goods by the defendants and such other relevant facts.* Proof of actual confusion, on the other hand, would require the claimant to bring before the Court evidence which may not be easily forthcoming and directly available to the claimant. In a given situation, there may be no complaints made to the claimant that goods marketed by the defendants under the impugned mark had been inadvertently purchased as that of the plaintiff claimant. The onus of bringing such proof, as an invariable requirement, would be to cast on the claimant an onerous burden which may not be justified. Commercial and business morality which is the foundation of the law of passing-off should not be allowed to be defeated by imposing such a requirement. In such a situation, likelihood of confusion would be a surer and better test of proving

¹⁹ 1976 IR 198 (Irish)

²⁰ (1990) 1 All ER 873 (HL)

an action of passing-off by the defendants. Such a test would also be consistent with commercial and business morality which the law of passing-off seeks to achieve. In the last resort, therefore, it is preponderance of probabilities that must be left to judge the claim.

38. The next exercise would now be the application of the above principles to the facts of the present case for determination of the correctness of either of the views arrived at in the two-tier adjudication performed by the High Court of Delhi. *Indeed, the trade mark "Prius" had undoubtedly acquired a great deal of goodwill in several other jurisdictions in the world and that too much earlier to the use and registration of the same by the defendants in India. But if the territoriality principle is to govern the matter, and we have already held it should, there must be adequate evidence to show that the plaintiff had acquired a substantial goodwill for its car under the brand name "Prius" in the Indian market also. The car itself was introduced in the Indian market in the year 2009-2010. The advertisements in automobile magazines, international business magazines; availability of data in information-disseminating portals like Wikipedia and online Britannica Dictionary and the information on the internet, even if accepted, will not be a safe basis to hold the existence of the necessary goodwill and reputation of the product in the Indian market at the relevant point of time, particularly having regard to the limited online exposure at that point of time i.e. in the year 2001. The news items relating to the launching of the product in Japan isolatedly and singularly in The Economic Times (issues dated 27-3-1997 and 15-12-1997) also do not firmly establish the acquisition and existence of goodwill and reputation of the brand name in the Indian market. Coupled with the above, the evidence of the plaintiff's witnesses themselves would be suggestive of a very limited sale of the product in the Indian market and virtually the absence of any advertisement of the product in India prior to April 2001. This, in turn, would show either lack of goodwill in the domestic market or lack of knowledge and information of the product amongst a significant section of the Indian population. While it may be correct that the population to whom such knowledge or information of the product should be available would be the section of the public dealing with the product as distinguished from the general population, even proof of such knowledge and information within the limited segment of the population is not prominent.*

39. *All these should lead to us to eventually agree with the conclusion of the Division Bench of the High Court that the brand name of the car Prius had not acquired the degree of goodwill, reputation and the market or popularity in the Indian market so as to vest in the plaintiff the necessary attributes of the right of a prior user so as to successfully maintain an action of passing-off even against the registered owner. In any event the core of the*

controversy between the parties is really one of appreciation of the evidence of the parties; an exercise that this Court would not undoubtedly repeat unless the view taken by the previous forum is wholly and palpably unacceptable which does not appear to be so in the present premises.”

(Italics and underscoring supplied)

31.7 The following principles emerge:

(i) The territoriality principle applies; not the universality doctrine. Existence of goodwill and reputation has, therefore, to be shown to exist *in India*. Universal or worldwide goodwill and reputation, *sans* any evidence of territorial goodwill and reputation, is not sufficient.

(ii) Mere reputation is not enough. The claimant/plaintiff must show that it has significant goodwill.

(iii) The actual existence of an office of the plaintiff in the country of the defendant is not necessary

(iv) However, the claimant must have customers within the country of the defendant, as opposed to persons in the defendant's country who are customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for the claimant to show that there are people in the defendant's country who happen to be its customers when they are abroad.

(v) However, it would be enough if the claimant could show that there were people in the defendant's country who, *by booking with, or purchasing from an entity in the defendant's*

country, obtained the right to receive the claimant's service abroad. The person from whom such booking or purchase took place could be the claimant, or its branch office, or someone acting for or on behalf of the claimant.

(vi) The claimant must be “present through its mark in the territorial jurisdiction” of the country of the defendant, though the existence of a “real market” was not necessary.

(vii) Such presence could, for instance, be shown by extensive advertisements which had been circulated and seen, or read, in the country of the defendant.

(viii) Once the existence of trans border reputation and goodwill was thus established, the claimant was not required, further, to prove the existence of actual confusion. The likelihood of the customer of average intelligence and imperfect recollection being confused, by the use of the impugned mark of the defendant, that the goods or services of the defendant were those of the claimant-plaintiff, was sufficient.

32. On analysing the material cited by Mr. Kirpekar to substantiate his case of transborder reputation of the petitioner’s mark in India, I am unable to convince myself that such a case exists, on the anvil of the standards laid down in *Toyota*¹². Mr. Kirpekar has placed, on record, a sole invoice, through which goods bearing the petitioner’s mark were imported into India. All other invoices, from pages 33 to 124 of the documents filed with the petition on which Mr. Kirpekar relied, are invoices in which the goods have been sold within the US.

None of the invoices represents sale of the goods to, or in, India.

33. The judgments on which Mr. Kirpekar relied, for this purpose, also do not serve to advance his contention. *Century Traders*² was a case which dealt only with the right to claim proprietorship and right to use a mark. What the Division Bench of this Court held, in the said case, was that, for claiming proprietorship of, and the right to use, a particular mark, continuous or extended user of the mark is not necessary. A single actual use with intent to continue the use *eo instanti* confers, on the user, a right to use the mark as a trademark. The only issue in dispute this case having been the right of the plaintiff to use the mark, the Division Bench of this Court held that, despite user not having been extensive, the right to use the mark nonetheless existed .

34. *Volvo*⁴ was a case in which, on the basis of extensive discussion over several paragraphs, the High Court of Bombay came to the conclusion that the Volvo brand name had acquired worldwide reputation and goodwill. For ready reference, paras 61 to 67 of the said decision may be reproduced thus:

“61. Taking into consideration the various cases cited by both sides we are of the opinion that the crux of the passing off action lies in actual or possible or probable deception. The plaintiff necessarily has to establish reputation and goodwill. In quia timet action he must also show the probability of the plaintiffs suffering damage either in trade or to his goodwill and reputation. Deception may be of several kinds, i.e. that the public may think that the goods manufactured by the defendants are in fact manufactured by the plaintiffs or that there is some trade connection or association of the defendants with the plaintiffs. It is also clear that the transborder reputation has been recognized by the Indian Courts and as a matter of law it is not necessary to prove the actual sale, if by other material, presence of the plaintiffs in India and goodwill and reputation in India is demonstrated. It is also clear to us that as a matter of law the "common field of activity" is not required to be established. However, as the crux of passing off action lies in

possible deception, the existence of common field of activity is always relevant consideration. If there is common field of activity, possibility of deception is very high and if there is common field of activity possibility may be less, but it cannot be laid down as a rule of law that there can be no possibility at all. Thirdly and more importantly, all these issues ultimately will depend on the facts and circumstances and the material on record of each particular case, as to whether the plaintiff has established the goodwill or reputation, whether the plaintiff has established the transborder reputation, whether the defendant has caused misrepresentation innocently or deliberately and whether the plaintiff has suffered damage or is likely to suffer damage in quia timet action. These will be questions of fact to be determined by the court. It is also clear that if it is shown that the defendant intended to deceive, the burden would be much lighter on the part of the plaintiff. The existence of unexpected and unexplained similarities between the goods of the defendant and the plaintiff or lack of explanation or false explanation for adoption of name by the defendant, may be extremely relevant.

62. We will first deal with the contentions of the defendants that the interim relief should not be granted as there is gross delay and in any case the plaintiffs have acquiesced in the defendants action. We must first record that on the basis of the material on record, we do not find any justification to hold that the action of the plaintiffs in instituting the suit is mollified action in that it is an action to blackmail the plaintiffs. Shri Devetri contended that the defendant company, i.e. Volvo Steels Limited had been incorporated in the year 1990 and they commenced production in the year 1991. In the year 1993 it was incorporated as a public limited company. On 7-3-1995 a public issue was opened. The issue was closed on 10-3-1995. As such the suit filed on 16-3-1995 is delayed. Shri Devetri also submitted that there was in existence a company by name Volvo Terry Limited whose shares were regularly traded on the Bombay Stock Exchange from the year 1992 to August 1993, which the plaintiffs ought to have noticed and inasmuch as the plaintiffs did not take action, the defendants were justified in presuming that the plaintiffs do not claim any proprietary right in goodwill and reputation in the name "Volvo". In other words the plaintiffs have acquiesced. We are not impressed by this argument that the plaintiffs action is delayed on the hypothesis that the plaintiffs had knowledge of the use of the word "Volvo" by the defendants. The record shows that the plaintiffs came to know about the same for the first time when they received a letter dated 7-3-1995 along with the prospectus of the defendant company and the advertisement, from ANZ Grindlays Bank. We find no reason not to accept this assertion and as such we do not find that there is any delay in filing the suit.

63. So far as the point of acquiescence is concerned, we do not find any material on record to hold against the plaintiffs. There is

no material to show that the plaintiffs in any way encouraged or deliberately and knowingly permitted the defendants to use the name Volvo. Looking to the status and reputation of the plaintiffs to which we will make a reference hereinafter we do not consider it probable at all that despite knowledge the plaintiffs allowed the defendants to use the name right from 1990. On the contrary the moment the plaintiffs came to know about the use of name Volvo by the defendants they have immediately moved the court. On the basis of the legal position in this behalf as enunciated by the case cited and referred to by us, we are of the opinion that the plaintiffs cannot be declined the reliefs on the alleged ground of delay or acquiescence.

64. So far as the reputation and goodwill of the plaintiffs is concerned, Shri Tulzapurkar pointed out from the plaintiff's annual report of 1993 that the sales of the plaintiff's company in the year 1991 were 77,223 S.E.K. Millions, which rose to 83,002 in 1992 and 1,11,155 in 1993. However, Shri Devetri from the same report pointed out that in the speech of the President and the Chief Executive Officer, it is clear that the resources Volvo possesses have to be directed toward their core businesses. The automotive operations must have their full attention. He also pointed out that in the very speech it has been mentioned that Volvo today has an impressive product program that has attracted a great deal of attention and has produced marketing successes. They are less dependent than other European car makers on the continuing weak market in Europe. Shri Tulzapurkar also pointed out that Volvo groups total assets increased by SEK 17.5 billion to SEK 134.5 billion, during 1993. At pages 368 to 385 of the appeal paper book registrations of volvo as trade mark in 138 countries throughout the world are mentioned. At page 236 of the appeal paper book several companies are mentioned which are either wholly owned or group contributed companies or major owned companies by A. B. Volvo. These companies are in different parts of the world like USA, Belgium, France, Norway, Singapore, Hong Kong, Mexico, Sweden, Germany, Spain, Italy, London, Scotland, Denmark, Ireland, Brazil, Thailand, south Korea, Canada, Netherlands, Turkey etc. Shri Tulzapurkar also pointed out that the material on record shows that the plaintiffs have been advertising Volvo cars on the Star T.V. network. Shri Devetri pointed out that material shows that it was only in respect of cars and that too in the year 1994. Shri Tulzapurkar further pointed our that Volvo has been advertising itself through international magazines. In that behalf Shri Tulzapurkar pointed that in Times article entitled "Boom for the pleasure packages" was published on 10-6-1989. Article entitled, "Duch Volvo Sees Net Rise on New Model" was published in Asian Wall Street Journal on 2-12-1986. Article entitled "Volvo buys out Leyland But" was published in Financial Times of 31-3-1988 as also an article entitled 'O Milagre economico da volvo' in Portuguese with English translation was published in Readers Digest in 1985. He also pointed out an article

entitled 'We can love the Earth' in Times, was also published on 15-11-1989. Similarly an article entitled 'Marriage of Convenience' was published on 5-3-1990 in Newsweek.

65. The most important material on which Shri Tulzapurkar led emphasis was publication entitled 'Brands' which is an international review by Interbrand which was first published in 1990 and reprinted in 1991. It is stated on the cover note that the concept of the brand started to grow in importance about a century ago. Indeed, many of today's greatest brands, among them Kodak and Coco-Cola, date from this period and branding is now of central importance to producers to differentiate their products or services around the world. Brands are, for many companies, the engines of growth and profitability and by far their most valuable assets. The book is about the growth and development of the world's most successful brands, how they started, and where they are today. The book describes, on a brand by brand basis, what makes each brand powerful and how each brand is differentiated from others. The scope of the book is international including brands which have power worldwide like Kellogg's and brand which operate mainly on a local basis like Snow Brand in Japan and Vegemite in Australia. It is expressly stated that only the world's leading brands have been represented here. They have been selected by Interbrand Group plc., the world's leading branding consultancy. Its selection of leading brands has been culled from an initial working list of over 500 brands which incorporate those key characteristics that, in the view of Interbrand, constitute brand strength. These factors include leadership, stability, trend and support, as well as the markets in which the brand operates. Interbrand's selection focuses on brands with strong and distinctive brand personalities and favours free-standing product brands rather than more generalised corporate brands. A reference to 'Volvo' is found on page 101 of the book and this is what is written about Volvo :

"Volvo was founded in Sweden in the 1920s and the Volvo Group now has a worldwide turnover of some F10 billion. The word 'Volvo' means in Latin, 'I roll' and this distinctive trade mark was originally given to the fledgling car company by SKF, the Swedish bearing manufacturer, who had registered the name some years before but no longer needed it. Volvo reserves the brand name exclusively for its automotive products and has resolutely refused to allow third party licensing even for gift and novelty items as it is concerned that any dilution or misuse of the name may fundamentally damage its most valuable asset. In the luxury passenger cars sector of the automotive market, Volvo has a highly distinctive brand positioning with particular qualities of fine engineering, reliability, family values and care for the environment, all in a relatively wholesome Scandinavian context. Most recently Volvo has formed an

alliance with Renault to create a firm foundation for technical cooperation. The Volvo and Renault marks will, however, be kept entirely separate and no dilution of the brand identities will be allowed. It is also specifically mentioned that Volvo ranks alongside Kodak and Exxon in terms of hold. abstract branding and, like them, has benefited from being able to build a clear differentiated image.”

66. Shri Tulzapurkar also pointed out that the company has been sponsoring sport activities on a large scale i.e. Davis Cup in Tennis, Equestrian Volvo World Cup, Golf, Motoring and Skisport and that the Davis Cup in Tennis in India was also sponsored by the company in the month of March 1986.

67. In our opinion the aforesaid material clearly shows that the Volvo brand name has acquired very large reputation and goodwill throughout the world.”

35. Mr. Kirpekar has not placed on record any material, save certain invoices which dealt with transactions within the US, to make out a case of worldwide or global reputation of the BPI SPORTS mark asserted in the petition. The decision in *Volvo*⁴, therefore, cannot apply to the present case.

36. *Milmet Oftho*⁶ dealt with pharmaceutical products. The Supreme Court observed that pharmaceutical products often enjoyed a global reputation, especially because of free availability of medical literature as well as the discussions of such products in medical conferences, symposia and lectures, as well as sales, advertisements of the products in newspapers, periodicals, magazines and other media which are available in this country. No material to that effect has been placed on record by the petitioner in the present case. As such, it cannot be said, applying the tests in *Milmet Oftho*⁶, that a case of transborder reputation, i.e. of the reputation of the petitioner in the US have spilled over into India, can be said to be made out.

37. Sub-sections (1) to (3) and Section 11 of the Trade Marks Act, which stand specifically and exclusively invoked in the petition cannot, therefore, come to the aid of the petitioner.

38. S. 11(10)(ii):

38.1 On the facts of the case, I find that the petitioner is, however, entitled to relief on the basis of Section 11(10)(ii)²¹ of the Trade Marks Act, which requires the Registrar, while registering the mark, to take into consideration the bad faith involved either of the applicant or the opponent affecting the right relating to the trademark. Though the provision is worded in a somewhat open-ended fashion, requiring the Registrar to, while registering a mark, “take into consideration” the bad faith of the applicant, it does not expressly state that the existence of bad faith would disentitle the applicant to registration. Statutory provisions have, however, to be interpreted in a purposive manner²², and cannot be regarded as mere superfluity. Even otherwise, plainly read, the intent and purpose of Section 11(10)(ii) is obviously to disentitle registration of a mark, the request for registration of which is tainted by bad faith.

38.2 “Bad faith” is not defined in the Trade Marks Act. Courts have, however, cogitated on the concept, in the context of trade mark law. The Court of Appeals of England and Wales, in *Harrison v. Teton Valley Trading Co.*²³, observed thus:

²¹(10) While considering an application for registration of a trade mark and opposition filed in respect thereof, the Registrar shall –

(ii) take into consideration the bad faith involved either of the applicant or the opponent affecting the right relating to the trade mark.

²² Refer *Shailesh Dhairyawan v. Mohan Balkrishna Lulla*, (2016) 3 SCC 619 and *Richa Mishra v. State of Chattisgarh*, (2016) 4 SCC 179

²³ (2004) 1 WLR 2577

“29. In *Surene Pty Ltd v Multiple Marketing Ltd* C000479899/1, the proprietor, Multiple Marketing, distributed the applicant for revocation's products under the trade mark BE NATURAL. The Cancellation Division held that the application had been made in bad faith. It said:

10. Bad faith is a narrow legal concept in the CTMR system. Bad faith is the opposite of good faith, generally implying or involving, but not limited to, actual or constructive fraud, or a design to mislead or deceive another, or any other sinister motive. *Conceptually, bad faith can be understood as a "dishonest intention". This means that bad faith may be interpreted as unfair practices involving lack of any honest intention on the part of the applicant of the CTM at the time of filing.*

11. Bad faith can be understood either as *unfair practices involving lack of good faith on the part of the applicant towards the Office at the time of filing, or unfair practices based on acts infringing a third person's rights.* There is bad faith not only in cases where the applicant intentionally submits wrong or misleading by insufficient information to the Office, but also in circumstances where he intends, through registration, to lay his hands on the trade mark of a third party with whom he had contractual or pre-contractual relations.

30. In the *Senso Di Donna's Trade Mark case* C0006716979/1²⁴, the First Cancellation Division said:

17. Bad faith is a narrow legal concept in the CTMR system. *Bad faith is the opposite of good faith, generally implying or involving, but not limited to actual or constructive fraud, or a design to mislead or deceive another, or any other sinister motive. Conceptually, bad faith can be understood as a "dishonest intention". This means that bad faith may be interpreted as unfair practices involving lack of any honest intention on the part of the applicant of the CTM at the time of filing. Example: if it can be shown that the parties concerned had been in contact, for instance at an exhibition in the respective trade, and where then one party filed an application for a CTM consisting of the other party's brand, there would be reason to conclude bad faith.* In this case, however, according to the meaning of the term "bad faith", there is no evidence that Senso di Donna Vertribes - GmbH was acting dishonestly or that they intended any similar act, or were involved in unfair practices or the like.

31. To similar effect was the decision in *Lancôme Parfums et Beauté and Cie's Trade Mark*²⁵.

(Emphasis supplied)

²⁴ [2001] ETMR 5

²⁵ [2001] ETMR 89

38.3 In the context of domain name registration, Kerly's Law of Trade Marks and Trade Names defines "bad faith" as existing in the following cases:

(a) Where the circumstances surrounding the registration of the domain name indicate that it was primarily acquired for the purpose of selling, renting or otherwise transferring the domain name registration to the complainant owing the trade mark rights to the name, or to a competitor of the claimant, for valuable consideration in excess of documented out-of-pocket expenses relating directly to the domain name acquisition; or

(b) Where the domain name has been registered to prevent the owner of trade mark rights in the name from reflecting the mark in a corresponding domain name where the registrant has engaged in a pattern of such conduct; or

(c) Where the domain name has been registered primarily for the purpose of disrupting the business of a competitor; or

(d) Where by using the domain name the registrant has attempted to attract commercial gain by luring internet users to the website by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliating or endorsement of its website or a product on the website."

38.4 In *Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd*²⁶, Lindsay, J., defined "bad faith" in the following terms:

"Plainly it requires dishonesty, as I would hold. It includes also some dealings which fall short of the standards of acceptable commercial behaviour deserved by reasonable and experienced men in the particular area being examined."

38.5 The High Court of Punjab & Haryana, in *Bhupinder Singh v. State of Rajasthan*²⁷, defined "bad faith" thus:

"The term "bad faith" is a shade milder than malice, and implies breach of faith or wilful failure to respond to one's known obligation or duty. Bad judgment or negligence is not "bad faith", which imports a dishonest purpose, or some moral obliquity and implies conscious doing of wrong. It is much more than a mistake

²⁶ (1999) RPC 367

²⁷ AIR 1968 P & H 406

of judgment and is synonymous with dishonesty.”

38.6 Mr Kirpekar castigated Respondent 1 as a “trade mark squatter”.

38.7 “Trade mark squatting” is an internationally known intellectual property misdemeanour, though it does not find specific place in the Trade Marks Act. Prof. Doris Estelle Long has, in her article “Is Fame All There Is? Beating Global Monopolists at Their Own Marketing Game” defined a “trade mark squatter” as “a person who seeks to register third party marks domestically before their legitimate rights holders have an opportunity to secure their rights”. Elsewhere, in the same article, the learned author observes that “a trademark squatter steals another’s mark and registers it as a trademark in his countries knowing that it belongs to someone else”. In their article Trademarks squatters: Evidence from Chile, Carsten Fink²⁸, Christian Helmers²⁹ and Carlos Ponce³⁰ explained trademark squatting, terming it a recent phenomenon, thus:

“In recent years, popular media and specialized blogs have reported widely about a phenomenon called ‘trademark squatting.’ This phenomenon describes a situation in which a company or individual registers a trademark that protects a good, service, or trading name of another company. This latter company has usually invested in brand recognition and built substantial goodwill in the product, service, or trading name, but has not registered a trademark. Squatters attempt to register such trademarks, in most cases not with the intention to use these trademarks in commerce, but with the intention to extract rents from the brand owners or other companies that rely on the brand, such as importers in case of foreign brands. A typical scenario is for a squatter to register the trademark of a foreign brand and wait until the foreign brand owner enters the local market. Once the brand owner has entered, the squatter may threaten to sue for trademark infringement. It may be possible for the brand owner to get the intellectual property

²⁸ Economics & Statistics Division, WIPO, Geneva, Switzerland

²⁹ Assistant Professor, Santa Clara University, USA

³⁰ Associate Professor of Economics, ILADES-Universidad Alberto Hurtado, Santiago, Chile

office or a civil court to cancel the trademark, but this is costly and may involve considerable delay and legal as well as commercial uncertainty.”

38.8 There can be no manner of doubt that the act of Respondent 1 in registering the BPI SPORTS word mark, which, to his knowledge and awareness, was registered in the name of the petitioner in the USA and in which the petitioner had global repute, in his name, constitutes “trade mark squatting”. Though trade mark squatting as an individual phenomenon does not find especial mention in the Trade Marks Act, it would certainly amount, in my opinion, to “bad faith” within the meaning of Section 11(10)(ii) of the Trade Marks Act. The clear intent of Respondent 1, which is also the textbook definition of trade mark squatting, is to steal the mark of the petitioner, so as to block the petitioner’s attempt to have it registered in its name – as has happened in the present case.

38.9 There is no dispute, in the present case, of the fact that the respondent was the importer of the petitioner. It was in his capacity as such importer that the respondent was actually using the mark BPI SPORTS which, later, the respondent has registered in its own favour, for identical goods. The intention of the respondent to capitalise on the petitioner’s reputation with respect to the said mark appears, therefore, to be transparent.

38.10 Mr. Kirpekar has pointed out that the Respondent 1 is merely squatting on the aforesaid mark, as he has no intention to use the mark whatsoever and has never subjected it to any commercial use in India except as an importer of the petitioner’s goods. There is a specific allegation, in the petition, to the said effect which, in the absence of any appearance by the respondent or any reply to the petition, has to

be treated as admitted. The *bona fide* of the respondent also shall open to question as the respondent has chosen not to appear even in the proceeding before this Court and, therefore, has allowed this petition to go uncontested.

38.11 In the facts of the present case, *ex facie*, the manner in which the respondent has acted in obtaining the registration of the impugned mark BPI SPORTS, in respect of very same goods for which the marks stands registered in the petitioner's favour, albeit in the US, and in respect of which the petitioner was using the mark even in India – as, in the case of registered mark, import of goods using the mark constitutes “use” thereof in terms of Section 29(6) of the Trade Marks Act – discloses clear bad faith on the part of the respondent. Having imported the petitioner's goods under the BPI SPORTS word and device mark, and having noticed the existence of a market for the goods and, perhaps, influenced by the global goodwill that the mark commanded, Respondent 1 has, for reasons *recondite*, obtained registration of the petitioner's mark in his name for the very goods in respect of which, albeit abroad, the mark stood registered in favour of the petitioner. The motivation, for doing so, is apparently unwholesome. That Respondent 1 has not even chosen to contest the present petition amounts, moreover, to a tacit acknowledgement of this position.

39. Though, therefore, I am not of the view that the petitioner is entitled to relief for the grounds urged in the petition, nonetheless, as the facts urged in the petition make out a case of bad faith adoption of the impugned mark by the respondent, ergo, invoking Section 11(10)(ii) of the Trade Marks Act, I deem it appropriate that the

impugned BPI SPORTS word mark, registered in favour of the respondent *vide* Registration No. 4422891 dated 26th September 2020 w.e.f. 28th January 2020, be removed from the register of trade marks. Inasmuch as this was a fact which was not within the notice of Registrar of Trade Marks when the impugned mark was registered, and has emerged from the record which has been placed before the Court, the case would fall within the scope of marks which are “wrongly remaining on the register” within the meaning of Section 57(2) of the Trade Marks Act.

40. For the aforesaid reasons, the impugned BPI SPORTS mark is directed to be removed, forthwith, from the register of trademarks and the register of trademarks is directed to be rectified accordingly.

41. Let a copy of this judgment be forwarded in the prescribed mode to the Registrar of Trade Marks for due compliance, forthwith.

42. The petition, accordingly, succeeds and is allowed.

43. As learned Counsel for both sides were absent during the course of the dictation of this judgment, I had sought the assistance of Mr. Sachin Gupta and Mr. Dushyant Mahant, learned Counsel who practice in this field and who are present in Court. Their inputs have been of valuable assistance in deciding this case. This Court expresses its gratitude to said learned Counsel.

C.HARI SHANKAR, J

APRIL 27, 2023/ar/rb