

INTERNATIONAL JOURNAL OF LAW MANAGEMENT & HUMANITIES

[ISSN 2581-5369]

Volume 7 | Issue 5

2024

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Generic Marks, Secondary Meaning and Trademark Bullying in India

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ABSTRACT

Generic Marks, which are generally not protected by registration is protected if they acquire a secondary meaning. There are different methods to prove that a 'generic term' has attained a secondary meaning. 'Survey methods' are usually accepted in courts to establish a prima facie case in this context. When bigger companies register a generic trade mark, they exhibit a tendency to bully smaller companies with legal actions and ultimately force them to settle or rebrand their products in the market. Though false threat of infringement is dealt with under the Indian Trademark laws, the issue of trade mark bullying is not directly addressed. The case of 'Nandhini Deluxe' fits the definition of trademark bullying and shows an emerging trend of trademark bullying in India.

Keywords: Trademarks; Generic Names; Survey methods; Secondary Meaning; Trademark Bullying.

I. INTRODUCTION

The primary function of a trademark is to help customers identify products based on the source and quality in the market. The Indian Trademarks Act, 1999² defines trademark as “a mark capable of distinguishing goods or services offered by different business owners”. Trademarks are protected through registration in India, which grants a right of monopoly over the use and prevents others from passing off the trademark as their own. Various types of trademarks are recognized under the Indian trademark Law. A trademark can be a brand name, a slogan, or even combination of colors,³ patterns or even an odor that is distinct.

Not all trademarks are registrable. For instance, Section 9 of the Act states that any mark that is not distinct, deceptive, descriptive or scandalous are non-registrable.⁴ Additionally, Section 11 of the Act provides that the registrar may refuse to register a particular trademark if it is similar to an already registered or a well-known trademark. From these statutory provisions, it is clear that any mark that is not distinct, unique and capable of identifying the goods or services of a

¹ Author is a student at Tamil Nadu National Law University, India.

² The Trade Marks Act, 1999, § 2 (Zb), No. 47, Act of Parliament, 1999

³ Christian Louboutin SAS v. Abu baker, 2018 SCC Online Del 9185: (2018) 250 DLT 475

⁴ The Trade Marks Act, 1999, § 9, No. 47, Act of Parliament, 1999.

business in the market is not registrable.

However, the proviso to the sub-section (1) of Section 9 of the Act states that even if the trademark is devoid of distinctiveness of its own or merely descriptive, it can still be registered if the mark attains a 'secondary meaning' through its use or becomes well known. How does a generic term or a descriptive term attain a secondary meaning? this is a question of fact, and there is no rigid rule to determine it. A distinct and unique mark, such as 'Tupperware' for example, is inherently registrable, but a generic or a descriptive term, such as 'water bottle,' lacks distinctiveness and will not be protected.

'Consumer Surveys' are commonly used, along with other elements, to determine whether a mark has attained secondary meaning. The acceptance of consumer surveys as proof of determining the secondary meaning of the trademark is discussed in the first chapter.

The second Chapter explores the concept of trademark bullying in relation to the protection of generic terms in India. Generic terms belong in the public domain, but when a larger businesses in the industry receive protection, there is a tendency to harass smaller businesses for using similar trademarks.

The third chapter presents a case study of 'Nandhini deluxe' and an analyses whether it can be regarded as an example of trademark bullying in India.

(A) Literature Review

*Fatema Hussain (2021)*⁵, in order to prove that a trademark has attained a distinctive character or a secondary meaning, consumer survey is used. Such surveys are accepted by trademark registry and courts in India but often due to poor methodology and irrelevant questions the survey is often rejected. Case laws that support the central argument are referred from high courts of Delhi, Bombay and Kerala in between 1997 to 2006. No other methods employed by the courts is discussed in the research paper.

*Jeanne Fromer (2022)*⁶, Secondary meaning doctrine undermines the goal of trademark laws. By not protecting generic marks, anticompetitive marks used by business will not be protected and healthy competition will be promoted and helps consumers to choose between the best available alternatives. This recognition of secondary meaning favours big business and not in favour of the small-scale business which are localised and does not have a significant business presence over a wider geographical area. Protection of a trademark is not the primary goal of

⁵ Fatima Hussain, IPR – Consumer Surveys: Can They Be Conclusive Proof of Eliminating Likelihood of Confusion or Proving Distinctiveness of a Trademark, 4 INT'L J.L. MGMT. & HUMAN 1784 (2021).

⁶ Jeanne C Fromer, Against Secondary Meaning, 98, NOTRE DAME L. REV. 211 (2022).

the trademark but rather promotion of healthy competition should be the focus.

*Shagun Thund (2023)*⁷, Abuse of the dominant position held by established companies under the secondary meaning doctrine is discussed with case laws in India. The article shows how dominant companies with significant economic presence and legal backing threatens small business to remove their products from the markets and for them to recall their products and they have nothing but to build their business and reputation from scratch and may not survive eventually.

*Laura A Heymann (2021)*⁸, In American jurisdiction any trademark should indicate the source of the goods or services and what is considered to be generic is contextual. The understanding of the consumer with respect to a particular trademark is essential. However, the paper declares that it is an impossible task. So, understanding the consumer perception in relation to the trademark of generic terms is difficult and cannot be the determining factor of the secondary meaning test.

*Cherian Manayath et. al (2021)*⁹, explains the drawback in using the producer-based indicators to determine if the trademark has attained distinctiveness. Importance of surveys in determining the position of trademark is sufficiently reliable and would prove to be more effective in the future if the courts India is able to overcome the minor inconsistencies in the surveys.

II. SECONDARY MEANING

Generally, a generic word or a term is not registrable under the Trademark Laws; however, it is possible to register a generic trademark if, before the date of application for registration, the mark has acquired a distinct character as a result of its use. For example, terms like ‘good,’ ‘Best,’ and ‘Superfine’ cannot acquire secondary meaning and therefore never receive protection.¹⁰ However, what may initially appear generic can acquire trademark protection in a different category. Take, for instance, Apple Inc. – ‘Apple’ is a generic term referring to a type of fruit, yet the trademark is registered and protected in the category of smartphones and computers. So, if a generic term attains a secondary meaning, it may be protected under the trademark laws.¹¹

Generic meaning and secondary meaning are two sides of a same coin, according to some

⁷ Shagun Thund, Phenomenon of Trademark bullying in India, 6 INT’L J LMGMT. & HUMAN. 30 (2023).

⁸ Laura A Heymann, Trademarks in Conversation: Assessing Genericism after Booking.com, 39 CARDOZO ARTS & ENT. L. J. 955 (2021).

⁹ Cherian Manayath & Deepa Madmar, Quantifying Consumer perception to identify Acquired Distinctiveness of Trade Marks: The case for a survey-based Approach, 5 J. Intell. Prot. Stud. 1 (2021)

¹⁰ WN Sharpe Ltd. V. Solomon Bros Ltd. (1915) RPC 15

¹¹ Purbita Mazumdar, Different Spectrum of Trade Mark Distinctiveness, 2 JUS CORPUS L.J. 1326 (2022)

scholars. Survey methods are used to assess if customers associate a particular trademark with a specific product from a producer or with the products of more than one producer.¹² One needs to establish before the registrar of trademarks that the mark has acquired a secondary meaning for registration. In *Philips v. Remington [1998]*¹³, Jacob J opines that, “*unless the word, when used for the goods concerned, has in practice displaced its original meaning, it will not properly denote the trader’s goods and none other*”. In *People Interactive India Ltd. v. Vivek Pahwa (2016)*¹⁴ the aspect of acquiring secondary meaning was discussed. It was explained that a generic term or expression must have lost its primary meaning and no longer means or refers to what it originally did.

(A) Consumer Surveys

Indian courts have considered survey evidence to determine whether the impugned mark has attained a secondary meaning. In *P.P Hamsa v. Syed Agencies (1990)*,¹⁵ it was declared that when a survey is submitted as evidence, the questions asked in the survey and the answers given must be recorded, and those who have conducted the survey must be subjected to cross-examination. Another important aspect to consider is the timing of survey. In *Ayushakti Ayurved Pvt Ltd. v. Hindustan Lever Ltd. (2004)*,¹⁶ the Bombay High Court held that survey evidences is more reliable at the interlocutory stages during the trial. Additionally, in *Brooke Bond Lipton India Ltd. v. Girnar Exports (2006)*,¹⁷ the appellate board stated that there must be a relevance between the date the survey was conducted and the date the application for registration was filed.

There are other instances where survey results were considered by Indian Judiciary to determine the ‘secondary meaning’ of trademarks. In *Stokely Van camp, Inc. v. Heinz India pvt. Ltd. (2010)*,¹⁸ the Delhi High Court held that the mere use of a trademark is not sufficient for its registration prior to the application of registration; and at least a prima facie case must be made out through consumer surveys to convince court that a secondary trademark significance is achieved. Similarly in *Global Insurance Services Pvt. Ltd. v. Global-India Insurance Brokers Pvt. Ltd. (2016)*,¹⁹ the plaintiff failed to prove that the mark has attained a secondary meaning. The court held, “*a secondary meaning is not something that can be presumed and It must be*

¹² Vincent N. Palladino, Assessing Trademark Significance: Genericness, Secondary meaning and Surveys, 92 TRADEMARK REP. 857 (2002).

¹³ *Philips v. Remington* (1998) RPC 283, 303

¹⁴ *People Interactive India Ltd. v. Vivek Pahwa* 2016 SCC Online Bom 7351.

¹⁵ *P.P Hamsa v. Syed Agencies* (1990) 2 KLJ 555.

¹⁶ *Ayushakti Ayurved Pvt Ltd. v. Hindustan Lever Ltd.* (2004) 28 PTC 59 Bom.

¹⁷ *Brooke Bond Lipton India Ltd. v. Girnar Exports* (2006) 33 PTC 412 IPAB

¹⁸ *Stokely Van camp, Inc. v. Heinz India pvt. Ltd.* (2010) 44 PTC 381 (Del).

¹⁹ *Global Insurance Services Pvt. Ltd. v. Global-India Insurance Brokers Pvt. Ltd.* 2016 SCC OnLine Bom 10317.

demonstrated. There is not even a reference to any market survey, publicity material or any other material". In *Aegon Life Insurance Company Ltd. v. Aviva Life Insurance Company India Ltd. (2019)*,²⁰ the Bombay High Court ruled that when a company seeks protection of its marks based on secondary meaning doctrine, it must establish that the mark has acquired a new meaning over the original one, by means of carefully neutralised market surveys.

III. TRADEMARK BULLYING IN INDIA

The United States Patent and trademark Office (USPTO) defines trademark bullying as "*the act where the trademark owner that uses its trademark rights to harass and intimidate another business beyond what the law might be reasonable interpreted to allow,*" according to a report submitted to Congress.²¹ Small businesses have little to no choice but to give up their trademark claims, recall their products, and may have to start everything from scratch. The Indian trademark Act, 1999, Section 142, protects only a false threat of infringement but not trademark bullying.

In the case of *Milmet Oftho Industries and Ors v. Allergan Inc. (2004)*,²² Allergan, an Indian registered company, had a product called 'Ocuflux,' which was marketed and sold in the Indian market. It is to be noted that the Indian pharmaceutical company was first to use the name in the Indian market, and the plaintiff, a multinational company, had a product with a similar name in many countries but not in India. When a suit was filed, the Supreme Court rightly held that, multinational companies with no intention to enter the Indian market should not be allowed to throttle Indian companies that genuinely uses the mark 'Ocuflux'.

This case is first of its kind in India and demonstrates the attitude of Indian judiciary in protecting domestic companies from being bullied by large international corporations over trademark infringement issues. A similar decision was also rendered by IPAB in *Jones Investment Co. v. Vishnupriya Mills (2015)*,²³

In the case of *PhonePe Pvt. Ltd. v. Resilient Innovation Pvt. Ltd. (2023)*²⁴ before the Bombay High Court, the plaintiff filed a suit seeking interim relief against the defendant from using the trademark 'PostPe'. The issue at hand here was the use of the expression 'Pe,' which is common to both trademarks. To obtain interim relief, the plaintiff argued that they had been using the

²⁰ *Aegon Life Insurance Company Ltd. v. Aviva Life Insurance Company India Ltd. 2019 SCC OnLine Bom 1612 : (2019) 80 PTC 1.*

²¹ Report to Congress, Trademark Litigation Tactics And federal government services to Protect Trademark and prevent counterfeiting

<https://www.uspto.gov/sites/default/files/trademarks/notices/TrademarkLitigationStudy.pdf>

²² *Milmet oftho industries and Ors v. Allergan Inc. (2004) 12 SCC 624.*

²³ *Jones Investment Co. v. Vishnupriya Mills (2015) 4 L.W. 30.*

²⁴ *PhonePe Pvt. Ltd. v. Resilient Innovation Pvt. Ltd. 2023 SCC OnLine Bom 764.*

mark since 2014 and had also registered it in 2016. The plaintiff submitted data on the number of subscribers, annual revenue, and advertising costs to show that the plaintiff should have an exclusive right to use the expression.

The defendant, on the other hand, opposed the application and stated that there was no similarity between the trademarks and that the nature of services offered by both companies was different. 'PhonePe' provides UPI services, while 'PostPe' provides services on a 'buy now and pay later principle,' and its services are also not open to all the customers, but only to those with strong credit worthiness. The court held that the plaintiff could not prove that its mark has attained a secondary meaning and the application was dismissed.

'PhonePe' as stated by the plaintiff in the case has a significant presence in the market in providing UPI services, having been incorporated in 2012, with total funding of one billion dollars and revenue of 384 million dollars as of March 2023.²⁵ In contrast, 'PostPe' was incorporated in 2018 and recorded a net loss of 116 million Dollars as of March 2023.²⁶ From the above facts, this case can be seen as a fitting example of trademark bullying. A similar scenario can also be observed in the *Bigbasket v. the Daily basket* trademark dispute.²⁷

IV. THE CASE OF NANDHINI DELUXE – AN EXAMPLE OF TRADEMARK BULLYING?

The case of *Nandhini Deluxe v. Karnataka Cooperative Milk Producers Federation Ltd. (2018)*²⁸ was a long-standing dispute between two entities, undergoing several rounds of litigation starting with Deputy Registrar in 2007, followed by IPAB in 2010 & 2011, the High Court of Karnataka in 2014, and finally being decided by the Supreme court of India in July 2018.

The Cooperative society started using the trademark 'Nandini' in 1985 for milk and milk products. In contrast, the appellant, 'Nandhini Deluxe' started using the trademark from 1989 for its restaurant business. Both trademarks are registered by the registrar under the same classes, 29 and 30, among others, yet the products sold by both entities were different and distinct. While 'Nandini' sold milk and related products, 'Nandhini Deluxe' sold products such as meat, poultry, vegetables fruits and other food items.

'Nandini' argued that its trademark had attained distinctiveness and a secondary meaning, with consumers associating the generic name with the company's products and the appellant,

²⁵ https://tracxn.com/d/companies/phonepe/_Q_bwai8dGFUhw7qQ0O_9HBGgHI0azxw3h1uNHOrCzeY

²⁶ https://tracxn.com/d/companies/postpe/_v81BVR9etDAVjwABv_ZJQ8rkCTU3XY4hdY6wYAgbe8w#:~:text=The%20founders%20of%20Postpe%20are,more%20companies%20%2D%20BharatPe%20and%20IPV.

²⁷ Big Basket and Daily Basket Trade mark Row: Bullying, Consumer Confusion or Justified? 2021 SCC OnLine Blog Exp 18.

²⁸ *Nandhini Deluxe v. Karnataka Cooperative Milk Producers Federation Ltd.* 2018 SCC OnLine SC 741.

according to ‘Nandini,’ only wanted to trade upon the good will acquired by the trademark. However, the opposing argument contended that a generic term can only be registered if it acquired a secondary meaning and ‘Nandini’ could not claim a monopoly over a generic term over a certain type of goods under the entire class.

The Supreme Court of India held that the terms ‘Nandini’ or ‘Nandhini’ are both generic, with phonetic similarities, but the logos adopted by the two entities were entirely different, and not likely to cause any confusion for the average consumer. Furthermore, the court noted that the products sold by the two entities were also entirely different. Since ‘Nandini’ only sold a particular category of products under the class, it could not claim exclusive rights over the trademark within the entire class. Thus, following the earlier decision of the Supreme Court in *Vishnudas Trading v. Vazir Sultan Tobacco Co. Ltd. (1997)*,²⁹ the court sets aside the decisions of the IPAB and the Karnataka High Court.

It is important to note that ‘Nandhini Deluxe’ operates exclusively in Bangalore with 15 outlets and 35 years of experience in the restaurant industry, employing around 600 people.³⁰ In contrast, Nandini is a brand of KMF³¹, the second largest dairy cooperative society in the country with 15 unions across all districts of Karnataka, including rural areas. The brand has invested substantial amounts in marketing to establish its presence all over India including in cities such as Pune, Mumbai, Nagpur, Hyderabad, Chennai, Ernakulam, among others. ‘Nandini’ has also engaged Kannada movie stars for promotion and have sponsored television shows.³² Given ‘Nandini’s dominant position compared to the restaurant chain ‘Nandhini deluxe’ and the prolonged litigation from 2007 to 2018, this case could be seen as a clear example of trademark bullying.

V. CONCLUSION

Form the above analysis, it can be concluded that survey methods are accepted as one of the key elements to prove the attainment of secondary meaning for a generic name in courts, provided the survey is conducted with caution. Once this ‘secondary meaning’ is established and the trademark is registered, large companies often gain a monopoly over the name and may attempt to suppress the bona fide use of the name by smaller businesses.

While there are no direct provisions addressing trademark bullying in India, Section 142 of the Indian Trademark Act provides relief against false threats off infringement. However, this

²⁹ *Vishnudas Trading v. Vazir Sultan Tobacco Co. Ltd. (1997) 4 SCC 201.*

³⁰ <https://nandhini.com/>

³¹ <https://www.kmfhandini.coop/en/about/company-profile>

³² <https://www.kmfhandini.coop/en/portfolio>

protection is insufficient to safeguard startup business like ‘PostPe’ from establishes companies like ‘Phonepe’.

The case of ‘Nandhi Deluxe’ is not typically views from a trademark bullying perspective. Yet, when the facts and the prolonged litigation are considered, the growing trend of trademark bullying in India becomes apparent. If such litigations are allowed to continue, every other startup with bona-fide usage of similar names, even in different categories, could face harassment, litigation, or be forced to settle out of court. They may also have to recall their products from the market and start scratch – a situation not all companies will be able to recover from.

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