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# Trans-Border Reputation of Trademarks in India

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## ABSTRACT

*The Trademarks Act, 1999 provides protects both registered and un registered trademark in India. The Trademark protect the brand images within particular geographical regions but in the present world the brands are trying to expand their business at an International level and in this process they found that there are similar products in different countries with the similar marks. Now the issue arises who has the actual right over the product and it is a very difficult situation to prove the ownership of their brand. This also leads to the reputation of the brand.*

*The Trademarks Act, 1999 was enacted following the Paris Convention of Industrial property, 1998- to which India was a signatory. The Trade Marks Act furthered India's commitments to modernize its intellectual property laws in order to provide for recognition of trademarks from all over the world. The Act also protects unregistered trademarks in passing off actions, where other proprietors are not permitted to duplicate an unregistered trademark that has been in use for a long time and has earned a reputation and goodwill through continuous use. Thus, whether a mark is registered or not, reputation is a significant consideration in trademark protection. In reality, if convincing evidence of earlier use can be provided, reputation and continued usage trump even the rights of a registered user.*

*In this development world there are many products which are similar and which creates a confusion in the minds of the consumers the main differentiation between the products can be identified through the brand names and Trademarks. So protection of Trade mark and its reputation is an essential aspect. In this Article I will be discussing about the Transborder Reputation of a Trademark in India and the significance laid down by the judiciary regarding the Territoriality doctrine. Further who and when can the transborder reputation can be claimed.*

**Keywords:** *Trademark, Transborder Reputation, Universality, Territoriality, Prior user and Prior Register.*

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## **I. INTRODUCTION**

Intellectual Property Rights give the legal right to the person to protect their own individual work which is done by using their own intellect. In simple terms we can say that the legal rights given to the inventor or creator to protect his invention or creation for a certain period of time. It is well settled that IP play a vital role in the modern economy. It has also been conclusively established that the intellectual labor associated with the innovation should be given due importance so that public good emanates from it.

There are different kinds of intellectual property rights given to the inventor or the creator, one of such right is the Trademark. Trademark is a branch of Intellectual Property rights. Trademark includes a name, word, or sign that differentiates goods from the goods or other enterprises. Before 1940 there was no law on trademarks in India. A number of problems of infringement of registered and unregistered trademark arose which were resolved under section 54 of the Specific Relief act, 1877 and registration was adjudicated under the Indian Registration Act, 1908. To overcome these difficulties the Trademark law was first Introduced in Indian during 1940 and then further it was replaced with the Trademark and Merchandise Act, 1958.

The Trademark Act, 1999 came into force by the Government of India by complying it with TRIPS obligations recommended by the World Trade Organization. The Aim is to grant protection to the users of Trademark and direct the conditions on the property and also provide legal remedies for the implementation of Trademark rights<sup>4</sup>. Even after several changes, amendments and rules were brought there are issues that occur in the Trademark protection and One such issue is the Transborder reputation of Trademarks.

## **II. TRANS BORDER REPUTATION**

The prolonged usage of a trademark in relation with a specific business group assists the trader in gaining reputation and goodwill with respect to its unique trademark. Over time, the general public becomes aware of a brand name or trade name and identifies the particular trademark with certain goods and services. In this way, a particular brand gets recognition and goodwill, which eventually spreads to a bigger area, making the trademark known globally. A trademark's global recognition is referred to as its trans-border repute.

There has been a growth in Globalisation and Liberalisation as a result of the development of organizations and the removal of barriers, as a result of which the notion of trans-border

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<sup>4</sup> Siddhartha Mohanty, Trademark Law in India, Legal Services India E-Journal, <https://www.legalserviceindia.com/legal/article-8611-trademark-law-in-india.html>, (last visited July 10, 2023).

reputation has been given representation in society. No one has the authority to mimic or adopt a trademark that has the potential to confuse or deceive the general public or those in common trade. The phenomenon of trans-border reputation assists a merchant in protecting its well-known brand on a global scale. This idea of trans-border reputation aids in the protection of any popular brand of one country in other countries. As a result, any third party from another country is prohibited from registering any identical or similar trademark in their name<sup>5</sup>.

Transborder reputation is embodied in section 35 of the Indian Trade Mark Act, 1999 which offers protection to foreign trade marks on the basis of their international reputation.

*Sec-35 of the Trademarks act, 1999 Saving for use of name, address or description of goods or services.—Nothing in this Act shall entitle the proprietor or a registered user of a registered trade mark to interfere with any bona fide use by a person of his own name or that of his place of business, or of the name, or of the name of the place of business, of any of his predecessors in business, or the use by any person of any bona fide description of the character or quality of his goods or services.*

### III. JUDICIAL PRECEDENTS THAT GAVE THE SIGNIFICANCE

***Kamal Trading Co., Bombay v. Gillette U.K. Limited Middle Sex*** England, The Hon'ble Bombay High Court held: "It is necessary to note that the goodwill is not limited to a particular country because in the present days, the trade is spread all over the world and the goods are transported from one country to another very rapidly and on extensive scale. The goodwill acquired by the manufacturer is not necessarily limited to the country where the goods are freely available because the goods though not available are widely advertised in newspapers periodical, magazines and in other Medias. As a result, even though the commodities are not available in the country, the goods and the brand under which they are sold get widespread recognition. Consider televisions and video cassette recorders made by National, Sony, and other well-known Japanese companies. Because of trade limitations, these televisions and V.C.R's are not imported into India and sold on the open market, but is it even feasible to imply that the words "National" or "Sony" have not gained a reputation in this country? In our opinion, the goodwill or reputation of items or marks is not dependent on their availability in a certain country. It is possible that the manufacturer will cease their business activity in a country for a short period of time, but this will not harm the manufacturer's reputation or goodwill." Reiterating the same principles the Hon'ble Delhi High Court in ***Blue Cross and Blue Shield***

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<sup>5</sup> Sana Singh, Trans-Border Reputation of Trademarks in India, S&P, <https://singhania.in/blog/trans-border-reputation-of-trademarks-in-india>, (last visited July 10, 2023).

*Association v. Blue Cross Health Clinic*<sup>6</sup> granted an ex parte injunction relief on the ground that there was an international reputation although there was no registration or use of the trade mark in India. The Hon'ble Calcutta High Court in *Kabushiki Kaisha Toshiba v. Toshiba Appliances Co*<sup>7</sup>, attached more importance to 'use of mark' in relation to goods than transborder reputation. But the Division Bench of the same court in *M/s J.N. Nicholas (Vimto) Limited v. Rose and Thistle*<sup>8</sup>, observed that the use of a trade mark does not necessarily imply actual sale of the goods bearing such mark. Use of a trade mark can be in any form.

*N.R. Dongre v. Whirlpool Corpn*<sup>9</sup> is the landmark judgment which recognised the doctrine of 'transborder reputation' in detail. In this case, one of the questions before the court was whether the aggrieved party who was not selling in India could claim the benefit of transborder reputation in the trade mark 'WHIRLPOOL' so as to maintain a Passing Off action in India or should its goodwill and reputation be confined to territories in which it has proved actual use of the trade mark in the market? Answering the question in favour of the aggrieved party an injunction was granted by the Hon'ble Delhi High Court which was reaffirmed by the Hon'ble Supreme Court.

The Hon'ble Supreme Court has finally settled the law with respect to transborder reputation in the case of *Milmet Oftho Industries & Ors. v. Allergen Inc*<sup>10</sup>. In the current case, the Appellant Allergen Inc., a company that manufactures pharmaceutical products in different countries but not in India, sought to prevent the respondent company from using the mark 'OCUFLOX' in relation to a medicinal preparation manufactured and marketed by the respondents. The dispute was whether a foreign producer has the right to restrict the use of a trademark outside the country. Answering the question in favour of the Appellant, it was determined that the Appellant had adequate international notoriety associated with the name 'OCUFLOX' and that it was allowed to seek protection for the said brand in relation to medicinal products against the respondent<sup>11</sup>.

#### IV. TERRITORIALITY & UNIVERSALITY

##### (A) Territoriality:

- This doctrine states that intellectual property rights do not extend beyond the area of the

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<sup>6</sup> Blue Shield Association v. Blue Cross Health Clinic (1990) I.P.L.R. 92 (Del).

<sup>7</sup> Kabushiki Kaisha Toshiba v. Toshiba Appliances Co 1994 P.T.C. 53

<sup>8</sup> M/s J.N. Nicholas (Vimto) Limited v. Rose and Thistle 1994 P.T.C. 83

<sup>9</sup> N.R. Dongre v. Whirlpool Corpn. (1996) 16 P.T.C. 476 Del (DB)

<sup>10</sup> Milmet Oftho Industries & Ors. v. Allergen Inc (2004) 12 SCC 624.

<sup>11</sup> Sbasera, Transborder Reputation of Trade Marks, Legal Services India.com, <https://www.legalservicesindia.com/article/140/Transborder-reputation-of-Trade-Marks..html>, (last Visited July 11, 2023)

sovereign state that awarded the rights in the first place. It supports the notion that the reputation of a product or service is limited to the region of the country in which that trademark was given the status of a well-known trademark.

- Indian Courts have recognized the Territoriality doctrine the case of *Jones Investment Co. Vs. Vishnupriya Hosiery Mills*<sup>12</sup> the Intellectual Property Appellate Board had ruled against the notion of preventing Indian companies from using trademarks even though the MNC's have no intention to introduce their product in Indian Market.

#### **(B) Universality:**

- This doctrine states that once a trademark is recognized or registered in one country, it gains universal recognition. It favours Transborder reputation and is an exception to the Territoriality Doctrine. This means that if a trademark enjoys the status of a well known trademark in the U.S.A. it would enjoy the same status with regards to its goods or services in India as well, or any other country for that matter<sup>13</sup>. In the case of *Milmet Oftho Industries&Ors. Vs. Allergan*<sup>14</sup> the Hon'ble Supreme Court after establishing the transborder reputation of the Respondent stated that "The Mere fact that the respondent have not been using the mark in India would be irrelevant if they were first in the world market."

#### **(C) Territoriality Over Universality:**

The concept of Trans-Border reputation has its origin in The Indian legal system through the case of *NR Donger Vs. Whirlpool Corporation*<sup>15</sup> in 1996, In this case the Indian Supreme Court held that protection of the Trademark can be granted on grounds of Trans-border reputation, even when knowledge of the product is solely disseminated through media and advertisements, without any actual presence or use of the product in the Indian market.

The concept of Universality was followed in India upto 2017 but after the *Toyota Jidosha Kabushiki kaisha Vs. M/s Prius Auto Industries Ltd&Ors*<sup>16</sup> which is also known as **Pirus** case the scenario has been changed. In this case The Supreme Court deliberated on two key trademark law concepts, namely, the Universality Principle and the Territoriality Doctrine, to help determine the rightful owners. Global trade today has invoked numerous channels of sale

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<sup>12</sup> Jones Investment Co. Vs. Vishnupriya Hosiery Mills 2004 (28) PTC 585 SC

<sup>13</sup> S&A Law Offices, India: Universality And Territoriality Doctrine With Reference To Well-Known Trademarks, Mondaq, <https://www.mondaq.com/india/trademark/704162/universality-and-territoriality-doctrine-with-reference-to-well-known-trademarks>, ( last visited July 13, 2023).

<sup>14</sup> Milmet Oftho Industries&Ors. Vs. Allergan Inc [2015] UKSC 31.

<sup>15</sup> NR Donger Vs. Whirlpool Corporation AIR 1995 Delhi 300

<sup>16</sup> Toyota Jidosha Kabushiki kaisha Vs. M/s Prius Auto Industries Ltd& Ors.: 2018 (73) PTC 1

in the Indian market, which makes applying the Territoriality Doctrine in this case completely justifiable. Having clarified this, it is perhaps time for Indian courts to expand the jurisprudence surrounding trademarks' territorial character before addressing issues concerning trans-border reputations and prior use<sup>17</sup>. The Supreme Court Clearly stated that the Territoriality Doctrine will be upheld over the Universality doctrine. Several High courts have passed the judgement by considering the **Pirus Case** and upheld the Territoriality Doctrine Over the Universality.

## **V. PRIOR REGISTER VS. PRIOR USER (SEC. 28 VS. 34)**

### **1. Section 28 of the Trademarks act, 1999:**

- It states that the registered proprietor of a trademark will be vested with exclusive rights to use the trademark in relation to the goods/ services, stop other parties using the identical or similar mark being used in relation to the identical/similar goods/services.
- But the section 34 of the Trademarks act 199 stands as an exception to the section section 28 in exercising their rights.

### **2. Section 34 of the Trademarks act, 1999:**

- It provides certain rights to the prior user of the mark in relation to the goods and services sold/offered under the mark. The registered proprietor of an identical or deceptively similar mark granted registration for identical/similar goods/ services. The rights of a prior user of the mark are thus kept on a higher ground than that of the registered proprietor of a trademark who was granted registration later.
- The essential requirements in order to claim rights under section 34 of the Trademarks act, 1999 are:
  - a. The Trademark must be 'used' by the owner to qualify as the prior user.
  - b. The Trademark must be continuous use within the geographical boundaries of India.
  - c. The trade must be in use from a prior date as compared to the date of use by the Subsequent user/registered proprietor.
  - d. The use of the trademark must be in relation to the goods or services covered in the application by the registered proprietor.
- If all these are complied then the prior user can claim the right under section 34 which

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<sup>17</sup> Shreya Sampath Kumar, *Toyota Jidosha Kabushiki Kaisha v. M/S Prius Auto Industries Ltd.*, IP Matters, [https://www.theipmatters.com/post/toyota-jidosha-kabushiki-kaisha-v-m-s-prius-auto-industries-ltd#:~:text=It%20was%20held%20that%20%22No,mark%20in%20question%20in%20any,\(last%20visited%20July%2013,2023\).](https://www.theipmatters.com/post/toyota-jidosha-kabushiki-kaisha-v-m-s-prius-auto-industries-ltd#:~:text=It%20was%20held%20that%20%22No,mark%20in%20question%20in%20any,(last%20visited%20July%2013,2023).)

acts as an exception to the section 28 of the Trademarks act, 1999.

## VI. JUDICIARY VIEW

**1. *Sociétés Produits Nestlé, S.A and Another v. Kaira District Cooperative Milk Producers Union Ltd. and Another* 2019** In this case, the Division Bench of the Delhi High court decided in favour of Nestle, the Appellants, giving them the rights to use the mark 'A+' for milk and milk products under class 29 even though Kaira was a registered proprietor for an identical mark 'A+' in the same class, i.e. class 29.

In the above case, Nestle was assigned the mark 'A+' by an individual proprietor for use under Class 29 and Kaira was using an identical mark 'A+' for cheese under the same class.

Nestle maintained in their appeal to the Division Bench of the High Court of Delhi that they were earlier users of the mark and produced evidence demonstrating prior use of the mark by themselves and the assignor. Despite numerous opportunities, Kaira failed to demonstrate past use of the mark. As a result, the Division Bench reversed the status quo ruling against Nestle while upholding it against Kaira<sup>18</sup>.

**2. In the case of *Pepsi Company Vs. Magfast Beverages ( 31<sup>st</sup> December 2019)*** which created sensation the matter related to the Transborder reputation. Where the Additional Chief Judge of City Civil Court Hyderabad has given the decision in favour of the Magfast beverages. In this case magfast beverages is a local company which has its business of manufacturing and distributing packaged drinking water since the year 1999 and they have also published about the brand in news papers. The magafst beverages has also obtained a good will to the mark Mountain Dew Packaged Drinking Water in India and Abroad. The Magfast beverages have also obtained for the registration of the mark in meanwhile the pepsi company has registered trademark with name "Mountain Dew" since from 1985 but haven't used it until the and started selling them in India since from 2003. The actual name The Mountain Dew was obtained from the Heart man Beverages and they never claimed to be the exclusive user of the mark.

- So the Pepsi company which its outlets in more than 160 countries has filed a suit against the Magfast Beverages for the infringement of the Trademark "Mountain Dew" and also claimed for the transborder reputation. In return the Magfast bevarages has also filed

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<sup>18</sup> Anoop Verma, Raghav Sarda and Pulkit Doger, Prior use v. registered trademark - An analysis of Section 34 of Trade Marks Act, 1999, Lexology, <https://www.lexology.com/library/detail.aspx?g=51d2a8a0-fcd5-4323-a134-28896c1370da#:~:text=The%20above%20principle%20has%20also,identical%2Fsimilar%20goods%2Fservices.>, (last visited July 13, 2023).



suit against the Pepsi for passing off their Trade mark and stating that they are prior users even though they haven't obtained the registration yet. By considering all the facts and evidences provided. The Court held that the Plaintiff(pepsico) is not the prior user and they cannot claim for the Transborder Reputation even though they have registered the Trademark. The Court has dismissed the suit filed.

3. *S.Syed Mohideen v. P. Sulochana Bai*<sup>19</sup>, MANU/SC/0576/2015, it was held by SC that : Section 34 of the Act, 1999 provides that nothing in the Act, 1999 shall entitle the registered proprietor or registered user to interfere with the rights of prior user. The scheme of the Act is such where rights of prior user are recognized superior than that of the registration and even the registered proprietor cannot disturb interfere with the rights of prior user.

4. *Cutis Biotech v. Serum Institute of India*<sup>20</sup> 2021 SCC OnLine Blog Exp 11, *Nandhini Deluxe v. Karnataka Coop. Milk Producers Federation Ltd*<sup>21</sup>. and *Vishnudas v. Vazir Sultan Tobacco Co. Ltd*<sup>22</sup>. It was held that :

- “Once a registration of trade mark is granted for a product in a class, it does not mean that, the proprietor of such trade mark gets the monopoly for the entire class.”
- “When the visual appearance of the trade marks of plaintiff and defendant are different, when the products are for different purposes and it does not create any confusion in the mind of average man of ordinary intelligence, then it is not deception or misrepresentation.”
- Mere test of prior user is not sufficient, but since how long the product of the plaintiff is in market is also very important; whether there is injurious fraudulent intention or unfair trade on the part of defendant and whether there is intention to deceive the customer. If no such intention is there on the part of defendant, then merely plaintiff is prior user of the trade mark cannot be the sole basis for grant of injunction.

## VII. CONCLUSION

The Development in International Market makes important to all the Trademarks to protect their reputation and not to cause any infringement. The Transborder reputation of the Trademarks is widely protected in all the countries. The Indian Courts have also given due importance in protecting the Transborder reputation of a Trademark. In India the Territoriality Doctrine is

<sup>19</sup> S.Syed Mohideen v. P. Sulochana Bai, MANU/SC/0576/2015,

<sup>20</sup> Cutis Biotech v. Serum Institute of India<sup>20</sup> 2021 SCC OnLine Blog Exp 11

<sup>21</sup> Nandhini Deluxe v. Karnataka Coop. Milk Producers Federation Ltd 2018

<sup>22</sup> Vishnudas v. Vazir Sultan Tobacco Co. Ltd. JT 1996(6)

Upheld over the Universality Doctrine and provide protection to the Unregistered Trademarks on the basis of their transborder reputation.

Not Only the Registration of Trademark is sufficient to prove their Transborder reputation but also the continuous use of the mark and recognition of the mark in the particular countries where the reputation is claimed has to be proved.

Transborder Reputation not only applicable to the prior register but also the prior user who is in continuous usage of the Trademark before the prior register and have the reputation in the territory for which they are claiming for. The reputation of the company on which the suit is filed date will be taken into consideration not the present day reputation.

So based on the above study we can say that in Order to claim for the Transborder reputation these essential elements should be proved First the goodwill, market presence, having customers In that particular country where the reputation is claimed. Second the advertisements and businesses that are made and available to the users of the Country and have the competition in the market of the country. The Present Scenario in India has been changed after the Toyota Judgement (*PIRUS CASE*) where the doctrine of Territoriality is upheld and supports the notion that the reputation of a product or service is limited to the region of the country in which that trademark was given the status of a well-known trademark.

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