

Case Study: Protection of well-known trade marks in India

INDIA IP SME HELPDESK

✓ Background

TrainShoes, an Austrian SME manufacturing shoes, was using a particular trade mark in respect of its products and services, registered in several countries in which it was selling its products. Through the quality of the shoes and efficient marketing, the company managed to rapidly develop a global reputation.

Considering that India is a large market with great potential for the commercialisation of sneakers, the TrainShoes was interested in expanding its business to India. However, the EU SME chose not to register its trade marks in India and to rely on its international reputation instead, should someone try to copy their brand. This came into a wider strategy applied by the company to cut some costs, including those associated with the maintaining of its trade mark portfolio, which were considered too high.

At the same time, the SME began to invest heavily in several TV advertisement campaigns, social media platforms and internet to build its brand in India. Consequently, the TrainShoes brand gained significant reputation associated with its products.

After a few months of presence in the Indian market, TrainShoes was made aware by an authorised dealer that an Indian company was manufacturing shoes and clothes under the same brand. The EU company conducted a background check of the Indian company and found out that not only had the infringer started to commercialise products under its brand, but it had also registered it as a trade mark at the Trade Mark Registry. The EU company had not monitored the Journal of the Indian Trade Mark Registry and therefore had not noticed that the third party had succeeded in registering a mark identical to its own and hence had not filed an opposition to its registration.

To resolve this situation, the EU company reached out to an IP expert to formulate the best strategy to deal with this situation in context of the Indian market.

⚙️ Actions taken

The IP expert advised the EU SME to file for the cancelation of the infringer's trade mark registration at Trade Mark Registry and initiate an action of passing off against the Indian company for selling their own goods while giving the impression they were manufactured by the European company. In the court proceedings TrainShoes argued that:

- Its trade mark fulfils the requirements of reputation and goodwill associated with the mark in a global market.
- Moreover, its brand had acquired goodwill in the Indian market before the registration of said mark by the Indian Company. Therefore, using the TradeShoes mark by a third-party amounts to passing off.
- The EU SME went to great length to demonstrate a spill-over reputation and goodwill of the mark in the Indian market before the mark was registered by the Indian Company by way of social media campaigns and advertisement through various online platforms.

📊 Outcome

The Court agreed that trans-border reputation, understood as a global reputation that spills over in India, had been demonstrated here. Global reputation alone is not sufficient, and thus it is crucial that the mark had also acquired goodwill and reputation in the Indian market. TrainShoes had successfully demonstrated this. Consequently, the court issued an injunction against the Indian company and ordered to cancel the registration of the Indian Company in view of the following:

- The court held that the principle of territoriality has to be considered and hence primary importance must be given to the prior user of the mark internationally. Moreover, the mark had acquired subsequent goodwill and reputation in India prior to the registration of the mark by the Indian company.
- The court found the Indian Company was liable for passing off goods bearing the mark of the EU SME and ordered the Indian company to pay damages.
- The court also ordered the Indian Company to hand over counterfeiting goods to the EU SME for destruction.

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Lessons learned

- EU SMEs are required to furnish adequate evidence of the fact that they had acquired substantial goodwill in the Indian market in case of a dispute involving trans-border reputation of brands. Being internationally well-known is not sufficient: the reputation has to reach the Indian market.
- Register your trade mark to ensure protection and fast enforcement. Enforcing a registered trade mark is easier, quicker, and therefore cheaper than entering into a legal battle based on reputation and unregistered brands alone.
- Watch Trade Mark Journal for similar marks applied for with the Trade Mark Registry by other companies which want to use your brand's reputation. Raise objections if you happen to find a mark which is identical or similar to your existing trade mark.
- If similar or identical trade mark is already registered by third parties (for similar products or services), it is possible to have it cancelled by the Trade Mark Registry on basis of reputation.
- If you are planning to enter Indian market, establish and prove the goodwill and the reputation of your brand in the country not only by way of 'prior use' but also by way of spill-over reputation such as sufficient advertising and campaigns through social media and digital channels.

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