

This Newsletter brings to you significant IP updates from the first quarter of this year. The past few months have seen a couple of very important judgments that emphasized the importance of novelty and the impact of prior publications of registered designs.

In addition to the above, the Competition Commission of India (the “**CCI**”) considered whether Google, by letting the sale and use of descriptive trademarks as keywords by competitors of the trademark owners amounted to abuse by Google of its dominant position. The CCI held that Google was not guilty of abusing its dominant position. On similar lines, another judgment revisited and explained the limitations of protection to generic trademarks.

The above legal updates from the previous quarter are summarized below.

NOTABLE CASE LAW

Crocs Inc. USA V. Liberty Shoes Ltd. and Others.

The High Court of Delhi (the “**Court**”) dismissed applications for interim injunctions filed by Crocs Inc. USA (“**Crocs**”), against various Indian shoe traders including Liberty Shoes, Relaxo Footwear, Bioworld Merchandising, Bata India and others (the “**Defendants**”), in different suits of design infringement filed by Crocs against the Defendants in various lower courts in Delhi. All the suits and applications were transferred to and taken up together by the Court and this common judgment was passed thereby.

Background

Crocs, a famous footwear brand based in the USA, had sought restraint against the Defendants from manufacturing, marketing, supplying and selling footwear that was a *replica* of the registered design of clog-type slippers and shoes sold by them. Crocs had obtained registration for the said design in 2004.

The Defendants, while contesting the claims, alleged that the subject design registration of Crocs was not valid and there was hence no infringement. It was argued by the Defendants that Croc’s registered design when registered in 2004, was not a *new* or *original* design as a similar design was already in existence when Crocs sought registration. The Defendants also produced evidence showing prior publication of the design in question by Crocs on its own website. The design was hence alleged to be in public domain,

pursuant to which, the Defendants claimed that the registrations of Crocs' designs were liable to be cancelled.

Findings of the Court

At the outset, the Court analysed whether the registered design of Crocs' footwear were published prior to registration. Based on the evidence by the Defendants, the Court held that there was prior publication of the design prior to the registration being granted in Crocs' favour. There was another party whose footwear's design was prior. It was also noted that Crocs itself had published the design in question prior to its registration. On the question whether the design registered by Crocs with respect to the footwear was new or original, the Court held that the change in it was not sufficient to distinguish the new product from the existing one and could not hence be considered novel or original.

The Court laid down that the registered designs of Crocs were invalid and liable to be cancelled. Hence, the Court dismissed interim injunctions filed by them and imposed costs that included an amount of INR 2,00,000 (Indian Rupees 2 lakhs) per Defendant, towards the losses incurred by them due to the litigation.

Pentel Kabushiki Kaisha & Anr. V. M/S Arora Stationers & Ors.

The High Court of Delhi (the "**Court**") recently vacated an interim injunction passed in a suit for permanent injunction filed by Pentel Kabushiki Kaisha and Another ("**Pentel**"), against Arora Stationers and Others ("**Arora Stationers**") for infringement of a registered design in ball point pens.

Background

Both Pentel and Arora Stationers were engaged in the business of manufacturing pens and writing materials. The parties traded in pens under different brand names.

The subject suit was filed, pleading piracy by Arora Stationers of Pentel's registered design in ball-point pens. Pentel sought a permanent injunction restraining Arora Stationers from manufacturing, selling, advertising or trading in pens that were a duplication of Pentel's registered design, and also sought interim relief during the pendency of the suit.

Arora Stationers, while contesting Pentel's claims alleged that the design registration by Pentel was not valid and there was hence no infringement. Arora Stationers also alleged that Pentel's registered design in their ball-point pens lacked novelty and originality. It was further claimed that Arora Stationers derived the features for their pens not from the registered design belonging to Pentel but from the features which were already adopted and used by them in their ball-point pens since 2005. Arora Stationers also produced evidence showing prior registrations of design and trademarks obtained for similar ball-point pen designs by them, both in India and abroad.

Findings of the Court

At the outset, the Court analysed whether Pentel, who is the holder of the registered design with respect to ball-point pens, is entitled to interim relief on the ground that Arora Stationers were infringing their rights. In order to determine the same, the Court examined whether the design in the ball-point pen for which Pentel obtained registration was a novel or original design.

In order to determine this, reliance was placed on *B. Chawla & Sons V. Bright Auto Industries (AIR 1981)*, where the Supreme Court observed that unless a design is not significantly distinguishable from known designs or combination of designs, then such a design is not entitled to registration and monopoly by the user for 15 years under the Design Act, 2000.

In the opinion of the Court, Pentel did not satisfy the requirements of novelty and originality. It was held that Pentel's ball-point pen design was not significantly distinguishable from other known designs. Accordingly, the Court dismissed the suit filed by Pentel and vacated the interim injunction passed earlier.

Three-N-Products Pvt. Ltd V. M/s Kairali Exports and Another

In the above matter, the High Court of Delhi (the “**Court**”) refused to consider trademark ‘AYUR’ to be a distinctive trademark and dismissed a suit for injunction filed by the brand owner Three-N-Products Pvt. Ltd (“**Three-N-Products**”) against Kairali Exports (“**Kairali**”) who were using a mark ‘AYURVASTRA’.

Background

Three-N-Products is a herbal cosmetics company operating under the trade name and style ‘AYUR’, and had filed and registered the said name and mark in various classes of goods and services. ‘AYUR’ was also registered in relation to clothing and textile goods without any actual use. A suit was filed by Three-N-Products against Kairali alleging trademark infringement and passing off of the trademark ‘AYUR’ for clothing and textile goods due to Kairali ‘s use of the mark ‘AYURVASTRA’ for similar products.

It was claimed by Three-N-Products that the ‘AYUR’ mark had been used by them continuously and exclusively since 1984. Three-N-Products also claimed that the trademark ‘AYUR’ is an invented word having no meaning whatsoever. Three-N-Products hence sought an injunction against Kairali on the grounds that:

the mark ‘AYURVASTRA’ was deceptively similar to the ‘AYUR’ mark;

they were the prior adopter of the ‘AYUR’ mark and as such, acquired distinctiveness, identifiable only with their goods; and

the word 'AYUR' was an *invented word* and as such has no meaning whatsoever.

On the basis of the above, the Court during the trial stage accepted the contentions of Three-N-Products and an *ex-parte ad interim* injunction was passed in their favour. Aggrieved by the decision, Kairali appealed.

Findings

In the said appeal, the Court found that Three-N-Products' claim that the 'AYUR' word mark was an invented word having no meaning, was incorrect. The Court stated that the word 'AYUR' has been mentioned in Hindu religious texts which has used the word 'AYURVEDA', and also that the word 'AYUR' signifies healthy life.

The Court observed that since the trademark 'AYUR' is generic, it has a *lower* level of legal protection. Therefore, Three-N-Products were not allowed to claim any proprietorship in the word 'AYUR' *per se*. The Court noted that the 'AYUR' mark had not even acquired any secondary meaning for the relevant class of products.

Further, the Court observed that Three-N-Products' mark 'AYUR' and Kairali's mark 'AYURVASTRA' are completely different from one another; and as such will not lead to any confusion in the minds of consumers. Based on the above reasoning, the *ex-parte ad-interim injunction* against Kairali was vacated by the Court.

Matrimony.com Limited V. Google LLC & Others

The Competition Commission of India (the "CCI") recently held that Google LLC and Others ("Google") were not guilty of abusing their dominance in relation to their *AdWords* policy with reference to the use of trademarked keywords by them.

Background

Google provides online search services and online advertising business, namely *AdWords* and *AdSense*. Matrimony.com Limited ("**Matrimony.com**") is an online matrimonial service provider. They alleged that Google was abusing its dominance in online web search and online search advertising markets. Google was alleged to be imposing unfair conditions upon trademark owners whose trademarks were being used as keywords by third parties in online search advertising.

Matrimony.com alleged that in response to searches for their trademarked terms, the ads of their competitors were listed in the search results. It was alleged that the competitors of Matrimony.com were being provided opportunities to rely on the goodwill and brand value of their trademarks, thereby hampering competition. This would ultimately mislead consumers and create an impression in their minds that

Matrimony.com's trademarks and its competitors were connected, as ads would appear in response to searches on their brands, leading to consumers to be diverted to competitor's websites.

On these grounds, Matrimony.com alleged that Google's *Keyword Bidding Policy* (the "**Policy**") was unfair and discriminatory.

Findings

The CCI noted that the Policy is part of *AdWords* (Google's advertising service). When a user entered a query, Google showed ads in an area separate from free search results. To use *AdWords*, advertisers bid on keywords.

The CCI took the view that the Policy enabled a user to include a trademarked keyword in its query and, consequently, the user was not only presented with ads from the trademark owner, but also, a broader range of ads, relating to the trademark owner's competitors. The CCI observed that this promoted competition and *enhanced* user choice and Google could not be considered to be abusing its dominant position. It was also noted that Matrimony.com's competitors were using their trademarks in a descriptive way; and the Policy did not prevent the descriptive use of trademarks.

Based on the above, it was held that Google was not guilty of encouraging anti-competitive behaviour as alleged by Matrimony.com in relation to the use of trademarked keywords.

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April 16, 2018

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