

**WELL-KNOWN TRADEMARKS AND THE TERRITORIALITY
PRINCIPLE: THE PAST, PRESENT AND FUTURE**

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“You may build a large portfolio of trademarks, but all you need is just one well-known mark.”

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1. Abstract

Coca-Cola, McDonald's, Levi's, and Maggi are examples of some goods and services that are now synonymous with their trademark. The manufacturers have succeeded in establishing their marks as household names through advertisement and other marketing strategies. However, with fame comes responsibilities and challenges. Manufacturers often struggle to protect their intellectual property from infringement by third parties. Customers are deceived and the quality and origin of the product are questioned.

Therefore, an important issue that every country has to address, is the securing of protection for well-known trademarks. This globalised world creates a pertinent need for protecting a trademark's territorial as well as trans-border reputation. Over the years, each country has crafted its adaptation of protection to well-known marks that are well-known within and outside their borders. Furthermore, the digital era poses an immense challenge to the protection of such marks.

This paper explores the evolution of the protection of well-known trademarks and the dilemma between territoriality and universality principles in India, the US, the U.K., China, and International law. Further, it also traces the acclimation of the laws and principles of

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well-known trademarks to the digital world through judgements delivered by Courts across jurisdictions.

Keywords- Well-known Trademarks, Famous marks, Territoriality, Universality, Intellectual property, Trans-border Reputation, Globalisation

INTRODUCTION

A trademark in simple words is a sign or a logo that makes one producer's goods distinguishable or unique as compared to that of a competitor.²It is legally recognised and protected as intellectual property. It serves as the identity of a brand, conveying emotional and intellectual attributes through a single logo or mark.

A well-known trademark is a mark that has become well-known to a substantial section of the population due to its continuous and extensive usage.³They are as remarked by Justice M. Narain while ruling in favour of 'Benz' as a well-known mark, "*names which have become household words.*"⁴A well-known mark is an established trademark with which users across borders and seas identify and associate with a particular product or brand. It serves as a universal identity of the Company. The test established by the WTO mandates the following criteria to be met for a trademark to be recognised as a well-known mark:⁵

- a. The degree of recognition or knowledge regarding the particular mark amongst the relevant sections of the public
- b. The extent and duration of the use, promotion or registration of the mark
- c. Any records of having successfully enforced rights in the mark
- d. The value that is attributed to the particular mark

²WIPO.int. 2020. *Trademarks*. [online] Available at: <<https://www.wipo.int/trademarks/en/>> [Accessed 10 August 2020].

³Obhan & Associates. 2020. *Criteria for Determining Well-Known Trademark in India - Obhan & Associates*. [online] Available at: <<https://www.obhanandassociates.com/blog/criteria-for-determining-well-known-trademark-in-india/>> [Accessed 12 August 2020].

⁴Daimler Benz Aktiengesellschaft v. Hybo Hindustan, (1994) 14 PTC 287.

⁵Legalserviceindia. 2020. *Well-Known Trademark*. [online] Available at: <<http://www.legalserviceindia.com/legal/article-3125-well-known-trademark.html>> [Accessed 16 August 2020].

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The term well-known in itself denotes that the most critical element for the protection of a well-known mark is its degree of fame. The degree of fame and the importance of reputation form the bedrock of a well-known mark as recognised in *JG v. Stanford*.⁶ The U.K. Court, in this case, recognised the need for preventing passing off to discourage dishonesty among traders. The basis for a case for passing off was identified in this age-old case as the existence of reputation or goodwill and the degree of representation that may deceive the public.⁷

The Paris Convention under 6bis, since 1925 prohibited the registration of imitations or copies of well-known marks. Such inclusion was made to protect established brands from counterfeit brands offered by local traders. The local traders often registered the well-known foreign marks under their name in countries where unregistered marks are treated as a legal non-entity.⁸ A popular example of the same is the local counterfeits of the Starbucks logo, which is still unregistered but cannot be used by any other proprietor.⁹ Post the 1925 revision of the Convention, the owner of the well-known mark was vested with the power to oppose or invalidate the registration of a similar or same mark. In 1990, in the Paris Convention for the Protection of Industrial Property, a Joint Recommendation for the better protection of well-known trademarks was introduced.¹⁰ The Joint Recommendation has laid down a set of guidelines for the protection of well-known marks, recommended to States.

Quite often, with the huge investments made in marketing and branding, the trademark becomes famous to the extent that it becomes synonymous with the brand name itself. A trademark is an intangible asset which when well-known brings immense revenue to the trader. It increases not only the financial standing but also the social reputation of the business. In 2019,

⁶ *JG v. Stanford*, (1617) Cr Jac 468, 79 ER 400.

⁷ Banerjee Soumya, *Trans border Reputation*, J. Intell. Prop. Rts., 11(4) (2006), 274-279 [online] IJLMH. <<https://www.ijlmh.com/wp-content/uploads/2019/03/Passing-off-and-Infringement-of-Well-Known-Trade-Mark%E2%80%99s-in-India.pdf>> [Accessed 12 August 2020].

⁸ Vaver, D., 2005. *Unconventional and Well-Known Trade Marks*. Singapore J. Legal Stud., 1-19 [online] JSTOR. Available at: <www.jstor.org/stable/24869548> [Accessed 13 August 2020].

⁹ Bhatia, A., 2020. *Well-Known Trademark and Indian Law*. [online] YourStory. Available at: <<https://yourstory.com/mystory/06f45cdb1b-well-known-trademark-a>> [Accessed 13 August 2020].

¹⁰ Joint Recommendation Concerning Provisions On the Protection of Well-Known Marks adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the WIPO (September 20 to 29, 1999) WIPO Doc. No. A/34/13 [online] WIPO. Available at: <<https://www.wipo.int/edocs/pubdocs/en/marks/833/pub833.pdf>> [Accessed 11 August 2020].

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the Apple brand was valued at \$206 billion while the Google brand was valued at \$167.7 billion.¹¹

Due to globalisation and as a measure to curtail unfair trade practices, the protection of well-known trademarks is of great importance. The Indian Supreme Court first recognised the importance of trans-border reputation and the goodwill of a company in today's global village in *N.R. Dongre & Ors. v. Whirlpool Corporation & Anr.*¹² The Courts have over the years considered and interpreted the universality and territoriality doctrine dilemmas with reference to well-known trademarks:

- **Territoriality Doctrine**

The territoriality doctrine is regarded as the basis for all IP Conventions.¹³ This doctrine stipulates that the intellectual property rights of a corporation or business are territorially bound or do not extend beyond the territorial limits of the state in which it has been officially registered. Thus, the mark will be accepted as a well-known mark only in that particular state, and the mark has a separate legal existence in each state. The ownership granted by one country does not guarantee ownership and rights to that mark in any other country.¹⁴ This poses a problem to trademarks that are known worldwide.

The principle of territoriality was advocated by the Apex Court of the U.K. in *Starbucks v. British Sky Broadcasting*.¹⁵ The bench, in this case, held that a trader cannot complain of passing off against him in a territory in which the trader has no customers or trade relations.

- **Universality Doctrine**

¹¹Handley, L., 2019. *Amazon Beats Apple and Google to Become the World's Most Valuable Brand*. [online] CNBC. Available at: <<https://www.cnbc.com/2019/06/11/amazon-beats-apple-and-google-to-become-the-worlds-most-valuable-brand.html#:~:text=Apple%20comes%20second%2C%20valued%20at%20%24309.5%20billion%2C%20with%20Google%20in,agency%20Kantar%20and%20released%20Tuesday>> [Accessed 13 August 2020].

¹²NR Dongre v. Whirlpool Corporation, (1996) 5 SCC 714.

¹³Lundstedt, L., 2020. *Territoriality in Intellectual Property Law*. [online] Su.diva-portal. Available at: <<https://su.diva-portal.org/smash/get/diva2:972658/FULLTEXT01.pdf>> [Accessed 16 August 2020].

¹⁴Phan Ngoc, T., 2020. *Well-Known Trademark Protection. A Comparative Study Between the Laws of the European Union and Vietnam*. [online] LundUniversity. Available at: <<https://portal.research.lu.se/ws/files/5994712/4024269.pdf>> [Accessed 16 August 2020].

¹⁵Starbucks v. British Sky Broadcasting, [2015] UKSC 31.

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According to this doctrine, when a trademark has been registered or recognised in one country, it acquires universal recognition. This doctrine is based on the contention that the recognition and reputation of a trademark are not dependent on the actual sale of the goods within a particular territory. Advertisements and other forms of promotion are considered sufficient for establishing the reputation and goodwill of a brand or mark in a specific geographical area.¹⁶

Thus, the universality doctrine is an exception to the territoriality doctrine and favours the trans-border reputation of well-known trademarks. This doctrine was incorporated in the Trade-Related Intellectual Property Rights Agreement (TRIPS), making it applicable to all member states of the World Trade Organisation (WTO).¹⁷

National laws and the adoption of these doctrines in each country depends upon the political, social, cultural, and economic condition prevailing in each country or region. These differences create a complex global legal system for the protection of well-known marks. Furthermore, the growth and development of technology have also had a strong effect on the legal systems pertaining to well-known marks and their protection in individual countries as well as in the international arena. Therefore, it is essential to understand these differences to uphold and protect the reputation of a well-known mark.

4. WELL-KNOWN TRADEMARKS IN GLOBAL TRADE

Globalisation has created a single global village with an uninterrupted flow of goods as well as information. International laws and conventions have moulded a legal framework for the protection of intellectual property rights in a globalised world. This framework has been created after a thorough analysis of the implication of the globalisation of information on intellectual property rights in the international and domestic arena. The Paris Convention of

¹⁶Rout, S. and Raonta, G., 2018. *Universality Territoriality Doctrine Reference Well-Known Trademarks - Intellectual Property - India*. [online] Mondaq. Available at: <<https://www.mondaq.com/india/trademark/668364/universality-territoriality-doctrine-reference-well-known-trademarks#:~:text=According%20to%20the%20Universality%20doctrine.exception%20to%20the%20Territoriality%20doctrine.>> [Accessed 18 August 2020].

¹⁷Drahoš, D., 1999. *The Universality Of Intellectual Property Rights: Origins And Development*. [online] WIPO. Available at: <https://www.wipo.int/edocs/mdocs/tk/en/wipo_unhchr_ip_pnl_98/wipo_unhchr_ip_pnl_98_1.pdf> [Accessed 16 August 2020].

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1883, the Berne Convention of 1886, the Madrid Agreement ratified in 1891, the TRIPS Agreement of 1994 and the ACTA Agreement of 2010 are some of the many multilateral instruments created to harmonise the legal regime of national laws for the protection of intellectual property.

The global village has created increasing opportunities for the citizens of the world to purchase or avail of internationally well-known goods and services. Media and advertising are no longer bounded by national boundaries due to sophisticated technology and communication methods.¹⁸ With such open borders and the free flow of information, there arose a pressing need for the development of a legal system for the protection of intellectual property and well-known marks in this new environment.

The doctrine of well-known marks was discussed and recognised as a necessity in international IP law, at the Washington Diplomatic Conference constituted the revision of the Paris Convention in 1911.¹⁹ Though the French delegation put forward the idea of inclusion of well-known trademarks doctrine in the original Paris Convention of 1883, it was rejected by the majority. However, this discussion paved the way for international recognition of a new legal issue regarding trademarks which had to be resolved.

The principle of territoriality for the protection of trademarks was outlined in Article 6²⁰ of the Paris Convention. In 1925, in pursuance of the Joint Recommendation, an exception to the territoriality principle was added under Article 6*bis* to the Convention. This provision provided for member countries to cancel the registration and prohibit the use of a mark that is well-known in the country, by a third party.²¹ It also provided the parameters for determining a trademark as well-known, based upon the decision of a competent authority of the registered country or of any country where the mark is well-known.²² Further, it clarified that infringement should include a reproduction of essential parts or the whole mark, imitation, or translation capable of creating

¹⁸Mostert, F., 1997. *Famous and Well-Known Marks – An International Analysis*. [online] LundUniversity. Available at: <<https://portal.research.lu.se/ws/files/5994712/4024269.pdf>> [Accessed 14 August 2020].

¹⁹Id., at 53.

²⁰Paris Convention, 1885, Art. 6.

²¹J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 29:1 (4th ed., 2011).

²²Joint Recommendation Concerning Provisions On the Protection of Well-Known Marks adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the WIPO (September 20 to 29, 1999) WIPO Doc. No. A/34/13 [online] WIPO. Available at: <<https://www.wipo.int/edocs/pubdocs/en/marks/833/pub833.pdf>> [Accessed 11 August 2020].

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confusion with the well-known mark. Thus, protection was extended to a trademark not from registration but due to its mere reputation in the world. Such a measure was adopted to prevent unfair competition resulting from the use of a conflicting mark which may deceive the public.²³

With the ratification of the TRIPS Agreement, the rules of the Paris Convention were extended to all 164 members of the WTO. The TRIPS Agreement established the framework for the determination of a trademark as well-known. Further, it also extended the protection of the mark to goods outside the class for which the well-known mark has been registered.²⁴ TRIPS being a link to the global trading system, was able to coerce countries into accepting the rule for the protection of well-known marks. With the aid of enforcement provisions embodied in the WTO Agreement, TRIPS succeeded to a large extent in the propagation of the well-known marks doctrine.²⁵

In 1999, through the combined efforts of the WIPO General Assembly and the Paris Union, a non-binding recommendation was developed.²⁶ The recommendation stipulated that a well-known mark shall be extended protection in a specific country even if it is not registered in that country, solely because it is well-known. Under the Declaration, the member states have been prohibited from making it mandatory for a mark to be used in a particular state for it being accepted as well-known. It also eliminated the need for registration of a well-known mark in all member states.

The territoriality principle has great implications in private international law with regard to jurisdiction and choice of law. International conventions necessitate the application of the territoriality principle to adjudication by encouraging jurisdiction with regard to domestic rights and prohibiting the exercise of jurisdiction in matters involving a foreign jurisdiction.²⁷ However, the territoriality principle is challenged today because the possibility of regulation in

²³WIPO INTELLECTUAL PROPERTY HANDBOOK: POLICY, LAW AND USE § 5.82 (2nd ed., 2004), Available at <http://www.wipo.int/export/sites/www/about-ip/en/iprm/pdf/ch5.pdf#paris/> [Accessed 14 August 2020].

²⁴Darnton, J., 2011. The Coming of Age of the Global Trademark. *Michigan State International Law Review*, [online] 20(1), 15. Available at: <https://digitalcommons.law.msu.edu/cgi/viewcontent.cgi?article=1068&context=ilr> [Accessed 11 August 2020].

²⁵Manning, B. and Raghavan, S., 2010. The Dispute Settlement Process of The WTO: A Normative Structure To Achieve Utilitarian Objectives. *UMKC Law Review*, 79(1), 1-29 [online] TexasA&MLawScholarship. Available at: <https://scholarship.law.tamu.edu/facscholar/541> [Accessed 14 August 2020].

²⁶ WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, 1999, Art. 23(i).

²⁷ Fort Dodge Animal Health Ltd v. Akzo Nobel NV and Internet International BV, [1998] FSR 222.

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the territory of one state may affect the social, economic, and cultural policies of other states. Thus, attempts the regulation IP impairing effects within domestic territory may affect the conduct in other states. The territoriality principle, though abandoned to some extent or supplemented in certain areas of private international law, has been sustained in the adjudication of IP disputes in private international law. However, the influence of the territoriality principle is challenged today in private international law since it fails to always serve state and party interests adequately.

5. WELL-KNOWN TRADEMARKS IN VARIOUS JURISDICTIONS

Most of the foreign jurisdictions such as commonwealth countries, the US, and the U.K. have generally rejected the universality doctrine over the territoriality doctrine based on the principle that the goodwill attached to a product is always 'local'.

The U.K.

In the U.K., protection is granted for foreign trademarks if the goodwill of the mark is established within the territory of the U.K. and such goodwill requires customers or ultimate consumers in the U.K. This position was laid down by the U.K. Supreme Court in *Alain Bernardin v. Pavilion Properties Ltd.*²⁸, the famous 'Crazy Horse case'. The plaintiff who runs a 'Crazy Horse Saloon in Paris filed a passing off claim against a business running under the same name in the U.K. Even though the plaintiff used to advertise in the U.K., the court refused to grant an injunction because the company was not doing business in England at that point in time. Further, in *Athletes Foot Marketing Associates Inc. v. Cobra Sports Ltd.*,²⁹ the court held that a passing-off claim could not succeed if the company does not have any consumers within the territory.

Another celebrated case in the U.K. where the territoriality principle was discussed is the case of *Anheuser-Busch Inc. v. Budejovicky Budvar*,³⁰ famously known as the 'Budweiser case' where the defendant's use of the name 'Budweiser' to sell beers in the U.K. was challenged. The 'Budweiser' beer which was very popular in the U.S was not generally sold in the U.K. except at

²⁸Alain Bernardin v. Pavilion Properties Ltd, [1967] RPC 581.

²⁹Athletes Foot Marketing Associates Inc. v. Cobra Sports Ltd, [1980] RPC 343.

³⁰Anheuser-Busch Inc v. Budejovicky Budvar, [1984] FSR 413.

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American Military bases and some duty-free stalls. The Court of Appeal in England held in this case that the plaintiff's passing off claims could not succeed because the occasional sale of the plaintiff's beer to the general public cannot be said to have generated goodwill in the market nor does it even qualify as carrying out business for that matter.

Discussing the concept of goodwill, the courts often concluded that 'goodwill' and business are inextricably linked as the former adds value to the latter.³¹ Hence, it does not have any independent existence without the business to which it is linked.³²

Elaborating on what constitutes goodwill, the U.K. Supreme Court recently, in the case of *Starbucks (Hk) Ltd and Another v. British Sky Broadcasting Group Plc*³³ held that mere reputation in the market does not amount to goodwill. Lord Neuberger noting the importance to hold a balance between public interest and free completion noted that "*In my view, a claimant who has simply obtained a reputation for its mark in this jurisdiction in respect of his products or services outside this jurisdiction has not done enough to justify granting him an effective monopoly in respect of that mark within the jurisdiction..... Further, given that it may now be so easy to penetrate the minds of people almost anywhere in the world to be able to lay claim to some reputation within virtually every jurisdiction, it seems to me that the imbalance between protection and competition would be exacerbated.*"

USA

In the USA, the concept of well-known trademarks has always been a bone of contention.. In a 2004 judgment, *Grupo Gigante v. Dallo*,³⁴ where a Mexican grocery chain named 'Gigante' filed an action against the defendants for the use of the mark in San Diego. The US Court of Appeals for the Ninth Circuit held that 'well-known trademarks' are an exception to the territoriality principle and well-known foreign trademarks are protected in the United States of America subject to the fact that they have achieved a certain level of fame and are recognized by the consumers to an extent. The Court noted that strict imposition of the territoriality principle

³¹Commissioners of Inland Revenue v. Muller and Co Margarine Ltd, [1901] AC 217.

³²Star Industrial Company Limited v. Yap Kwee Kor trading as New Star Industrial Company, [1976] UKPC 2.

³³Starbucks v. British Sky Broadcasting, [2015] UKSC 31.

³⁴Grupo Gigante SA De CV v. Dallo & Co., 391 F.3d 1088 (9th Cir. 2004).

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might result in fraud and even consumer confusion considering the nature of borderless transactions.

Nevertheless, in 2007, the U.S. Court of Appeals for the Second Circuit took a complete u-turn from this position in the case of *ITC v Punchgini*.³⁵ Here, ITC filed an action for infringement of the term 'Bukhara'. They argued that the mark was protected under the Lanham Act despite its non-registration or non-usage in America as it qualifies as a famous trademark. However, the Court rejected this as they held that well-known trademarks were not recognized under US law. It was held that “*absent some use of its mark in the United States, a foreign mark holder generally may not assert priority rights under federal law, even if a United States competitor has knowingly appropriated that mark for his use*”. This position was even followed by the Trademark Trial and Appeal Board (TTAB) recently in 2017, in the case of *Sun Hee Jung v Magic Snow LLC*³⁶ where the plaintiffs opposed the use of the mark 'Magic Snow' which was already familiar to the Korean Americans. However, the Board held that well-known trademarks could not be a basis to claim priority usage in inter-partes proceedings.

Given the legal uncertainty, it would be best for foreign parties to always register their marks in the United States. However, it is also pertinent to note that foreign marks are granted protection under the Federal Trademark Dilution Act (15 USC §1125(c)) if they qualify as famous marks. This law protects the reputation and distinctiveness of these marks. However, the threshold to register as a 'famous mark' in the US is higher than that of a well-known trademark. It should be “*widely recognized by the general consuming public of the United States*” as a single source pointing to the origin of goods according to 15 USC §1125(c).

China

Unlike the U.S, 'well-known' trademarks are recognized in China to a certain extent. Article 14 of the Trademark law put forth some parameters for the protection of well-known trademarks in China such as; duration of the use, knowledge of the public about the mark, and historical record of the mark's protection as well-known trademarks. In addition to these criteria, the authorities in the past have also required some economic indicators, also known as 'financial

³⁵ ITC Limited and ITC Hotels Limited v. Punchgini, Inc., 482 F3d 135, 142,2d Cir 2007.

³⁶ Sun Hee Jung v. Magic. Snow LLC, 124 USPQ2d 1041, TTAB 2017.

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figures' such as production, output value, profit, and tax. However, even though China recognizes well-known trademarks, recent developments raise several questions about its strict 'first to file' criteria which resulted in Facebook losing its trademark to Doctor Su who had filed the trademark for the mark Facebook in 2006.³⁷ Further, the complex evidence gathering to gain the well-known trademark status also act as a deterrent for the foreign marks to protect their marks effectively against infringement, and this acts as a catalyst for cyber squatters who look to capitalize on well-known foreign marks.

India

"7 O'CLOCK", the famous brand of shaving razors was the first-ever mark accorded the status of a well-known mark in India, by the Bombay High Court in 1998.³⁸ Defined under the Trade Marks Act 1999, as well – known mark that is associated with a specific range of goods or services by the public such that when that mark is used for some other goods or services, it creates a presumption that the two are related.³⁹ In India, well-known trademarks are granted a higher level of protection than ordinary trademarks.⁴⁰

In the case of *Rolex S A v. Alex Jewellery Pvt. Ltd.*,⁴¹ the Delhi High Court laid down a clear-cut interpretation of the ambit of a well-known mark and its identification. The Court held that the segment of the public, familiar with or using the watches of Rolex, coming across jewellery or artificial jewellery bearing the mark of Rolex, are likely to believe that the jewellery is connected with the plaintiff.

The question of the trans-border reputation of a trademark was considered by the Judiciary in *Whirlpool Co & Anr. v. N R Dongre*.⁴² At the time of the case, Whirlpool had established a worldwide reputation and had actively advertised in several international

³⁷Facebook loses the FACEBOOK trade mark in China. [online] <<https://www.mondaq.com/china/trademark/975910/facebook-loses-facebook-trade-mark-in-china>> [Accessed 18 August 2020].

³⁸Ipindiaonline.gov.in., *Public Search Of Trademarks*. [online] Available at: <<https://ipindiaonline.gov.in/tmrpublicsearch/wellknownmarks.aspx>> [Accessed 13 August 2020].

³⁹The Trade Marks Act 1999, Sec. 2(1)(zg).

⁴⁰Choudhury, V., 2010. *The Protection of Well-Known Trademarks and Weakening of Honest User Defence*. *Jr. Intell. Prop. Rts.*, 15, 300 [online] JIPR. Available at: <<https://pdfs.semanticscholar.org/ad4a/c8ed815b1084faa655fcb64a0bc20a3f6774.pdf>> [Accessed 14 August 2020].

⁴¹Rolex S A v. Alex Jewellery Pvt Ltd., 2009 (41) PTC 284 (Del).

⁴²NR Dongre v. Whirlpool Corporation, (1996) 5 SCC 714.

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magazines circulated in India. Despite this, the defendant used the mark on washing machines sold by it. The Court held that the plaintiff's mark had an established trans-border reputation and enjoined the defendant from using the mark.

The Trade Marks Act, enacted in 1999, in harmony with the TRIPS Agreement, incorporated several statutory changes to the law regarding trademarks in India. With regard to well-known trademarks, the Act extended protection to well-known marks even without prior registration or use in India. Further, the Act provides for proprietors of well-known marks, the grounds to oppose at the stage of registration of a trademark.

§11(6) and §11(7) of the Trade Marks Act, in line with the WIPO test, outlines the relevant particulars that are to be satisfied by a mark to be considered a well-known mark in India. Under §11(9), the Act has expressly recognised and addressed the issue of trans-border reputation. It states that for a mark to be identified as well-known in India, the mark doesn't need to be registered or used in India, but it should be well-known to the public. The same was affirmed by the Delhi High Court in *Apple Computer Inc. v. Apple Leasing & Industries*.⁴³ The Court, in this case, held that there is no need for the plaintiff to have carried on business in a particular jurisdiction for restraining the improper use of its mark. This protection has also been extended to products across all classes,⁴⁴ goods, or services not belonging to the same class as that for which the well-known mark is generally used.

The Courts have over the years expanded the scope of intellectual property rights in India beyond the territorial doctrine which was once accepted as the norm in *Jones Investment Co. v. Vishnupriya Hosiery Mills*.⁴⁵ The Apex Court adopted the universality doctrine of trademarks in *Milmet Oftho Industries & Ors. v. Allergan Inc.*⁴⁶ in 2004.

After twenty years after the Whirlpool case, the Supreme Court in *Toyota Jidosha Kabushiki Kaisha v. M/s Prius*,⁴⁷ was faced once again with the question of the trans-border reputation of a well-known mark. The Supreme Court while deciding the matter revisited the age-old dilemma of territoriality versus universality. The Court interpreted trans-border

⁴³ *Apple Computer Inc. v. Apple Leasing & Industries*, 1992 (1) ALR 93.

⁴⁴ *Kirloskar Diesel Recon Pvt. Ltd. v. Kirloskar Proprietary Ltd.*, AIR 1996 Bom 149.

⁴⁵ *Jones Investment Co. v. Vishnupriya Hosiery Mills*, 2004 (28) PTC 585 SC.

⁴⁶ *Milmet Oftho Industries & Ors. v. Allergan Inc.*, [2015] UKSC 31.

⁴⁷ *Toyota Jidosha Kabushiki Kaisha v. M/s Prius*, AIR 2018 SC 167.

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reputation to include the spilling of a brand reputation into India. After deliberating on the contentions of the parties, the Court adopted the principle of territoriality while arriving at a final decision. It was observed that Toyota had not successfully proven that it had gained a sufficient reputation within the territory of India under the name 'Prius' before April 2001, the date on which this name was adopted by the respondent. The Courts in India have therefore upheld the importance of the territoriality principle over the universality principle to protect the interest and hard work of the local traders.

The recently enacted Trademark Rule, 2017 has removed the cumbersome litigation process considered mandatory for the recognition of a mark as well-known. The Rules provide for direct application by the trademark owner before the Registrar along with a payment of the prescribed fee of INR one lakh to secure the status of a well-known trademark. The Registrar is to exercise great caution while considering the applications for its determination as a well-known mark based on the documents and evidence submitted.

To date, there are ninety-seven officially recognised well-known marks in the Indian Trademark Registry. The last well-known mark added to the list is "KESARI" owned by the Kesari Trust, a well-known tourism brand.⁴⁸

6. TRADEMARK TERRITORIALITY IN THE CYBER AGE: THE WAY FORWARD

The Internet is the foundation of modern business models. The internet revolution has made access to information easier than ever. However, this comes with its own set of challenges to the Intellectual Property Regime as the quick flow of information aids the copying of ideas and innovations. Countries around the globe have been striving to develop new regulatory models that protect intellectual property rights and foster the digital economy at the same time. This is a necessity as the laws that have been developed for the physical artefacts have not kept pace with the changes in the digital environment. This section shall look at how the internet revolution

⁴⁸Singh, A., 2020. *How to Recognize Well-Known Trademarks in India - Intellectual Property - India*. [online] Mondaq. Available at: <<https://www.mondaq.com/india/trademark/918306/how-to-recognize-well-known-trademarks-in-india>> [Accessed 12 August 2020].

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widens the scope of well-known trademarks and how it challenges the traditional ‘Territoriality Principle’ of Trademarks.

As discussed earlier, the territoriality principle limits trademark protection beyond the sovereign while the Universality doctrine proposes that a trademark registered in a country should enjoy protection throughout the globe. The Universality doctrine is based on the notion that advertisement and promotion through different means of social media are sufficient to establish reputation and goodwill in a specific territory even without the actual sale of goods while the Territoriality doctrine is based on the notion that a product cannot be said to have reputation or goodwill in a market when it has not been introduced to the market in the first place.

Even though the courts have accepted both doctrines, the recent developments in IP jurisprudence in India indicate a tilt towards the territoriality principle. The logical underpinning of this inclination towards the Territorial principle is that domestic business entities should be protected against Multinational Corporations. The U.K. Supreme Court held in the case of *Starbucks v. British Sky Broadcasting*⁴⁹ that goodwill should be established for a passing-off claim to succeed and such goodwill requires actual consumers in the market for the product. In Australia, the burden is on the owner to prove that he enjoys a 'sufficient reputation in the market which if lost will result in damages for his claim to succeed.'⁵⁰ The Federal Court of Australia also adopted a similar stance in *ConAgra v. McCain Foods*⁵¹ where it held that the test to determine if a mark is well known is to see if the mark already enjoys ‘sufficient reputation, the loss of which can inflict losses upon the owner.

Coming back to India, the Supreme Court of India, as previously discussed, following its counterparts in the U.K. and Australia concluded in *Toyota Jidosha Kabushiki Kaisha v. M/S Prius Auto*⁵² that the Territoriality principle shall be kept on a high pedestal in India. Setting a new benchmark for trans-border reputation in India, the court held that a spillover of reputation and goodwill should be necessarily proved by the claimant who brings the passing-off action.

⁴⁹Starbucks v. British Sky Broadcasting, [2015] UKSC 31.

⁵⁰Conagra Inc v. McCain Foods (Aust) Pty Ltd, (1992) 106 ALR 465.

⁵¹Id., 49.

⁵²Toyota Jidosha Kabushiki Kaisha v. M/s Prius, AIR 2018 SC 167.

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However, it is pertinent to note that these laws evolved before the age of the internet. The territoriality principle is fundamentally governed by the area where the business is done. This is mostly determined based on where the entity is registered. For Instance, in the United States of America, protection to the mark within a particular geographic territory whose use predates the national registration is granted by §15 and §33(b)(5) of the Lanham Act and this allows the regional entities to continue the usage of a mark even though it is registered nationally by a different entity. However, in this digital age when even a regional entity can easily gauge consumers nationwide through online promotion and advertisement, it becomes increasingly difficult to determine the territory of sale and to what extent regional entities shall be shielded under this exception.

Noting the challenges posed by the digital age to the territoriality principle, the United States Court of Appeals for the Ninth Circuit in the case of *Brookfield Communications, Inc. v. W. Coast Entertainment Corp*⁵³ judiciously noted that “[w]e must be acutely aware of excessive rigidity when applying the law in the Internet context; emerging technologies require a flexible approach”. Further, taking a big leap in this direction the court in *Pure Imagination, Inc. v. Pure Imagination Studios, Inc.*⁵⁴ concluded that the operation of an active website amounts to nationwide use of a Trademark.

The Indian courts have also acknowledged universal access to trademarks in some cases. In the *Kabushiki Kaisha Toshiba*⁵⁵ case, the court noting the expanding horizons of the digital age observed that “on account of the advancement of technology, fast access to information, manifold increase in international business, international travel and advertising, publicity on internet, television, magazines, and periodicals, which now are widely available throughout the world, of goods and services during fairs/exhibitions, more and more persons are coming to know of the trademarks, which are well known in other countries and which on account of the quality of the products being sold under those names and extensive promotional and marketing efforts have come to enjoy trans-border reputation. It is, therefore, being increasingly felt that such trademark needs to be protected not only in the countries in which they are registered but

⁵³Brookfield Communications, Inc. v. West Coast Entertainment Corporation, 174 F.3d 1036.

⁵⁴Pure Imagination, Inc. v. Pure Imagination Studios, Inc., No. 03 C 6070 (N.D. Ill. Sep. 29, 2004).

⁵⁵Kabushiki Kaisha Toshiba v. Toshiba Appliances Co, 2005 (30) PTC 3 (Del.).

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also in the countries where they are otherwise widely known in the relevant circles so that the owners of well-known trademarks are encouraged to expand their business activities under those marks to other jurisdictions as well”.

Further, the Delhi court when ruling on the whirlpool case⁵⁶ also took a liberal stance noting that it won't be prudent to insist that a plaintiff has to set up a business in a territory to file an action for infringement of trademarks in the current global context where the exchange of information and ideas is faster than ever. The Russian courts have set an example in this direction by ruling in favour of Starbucks in a case where a person had registered the Trademark ‘Starbucks’ citing its non-use and tried to monetize on the sale of the trademark to Starbucks Corporation. This decision kept a check on the once flourishing trademark piracy business in Russia.⁵⁷

The expanding boundaries and rapidly growing global electronic communication via the internet make it more susceptible to a trademark that is well known elsewhere to penetrate the minds of the consumers, at least virtually, in other jurisdictions. Even though there have been numerous judicial acknowledgements of this issue, a cohesive solution is yet to be reached at the global level.

⁵⁶NR Dongre v. Whirlpool Corporation, (1996) 5 SCC 714.

⁵⁷*After Long Dispute, a Russian Starbucks.* [online] <<https://www.nytimes.com/2007/09/07/business/worldbusiness/07sbux.html>> [Accessed 18 August].

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