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India

The enforcement of IP rights in India remains inconsistent. While the Indian judiciary regularly displays remarkable flexibility with regard to protection, the enforcement of IP laws by law enforcement agencies leaves much to be desired

In India, trademark rights may be acquired through:

- use in relation to goods or services;
- registration; or
- assignment/transmission.

The meaning of the term 'use' in relation to trademarks has been developed through case law.

In *Hardie Trading Ltd v Addisons Paint & Chemicals Ltd* (2003 (27) PTC 241 (SC)) the Supreme Court held that "'use' of a trademark is not limited to use on goods sold. It also extends to advertisements". Further, in *Dongre v Whirlpool Corporation* (1996 (16) PTC 583) the court held that the actual presence of the goods or the actual use of the mark in India is not mandatory and it would suffice if reputation and goodwill in respect of the mark have accrued in India through advertising or other means.

Enforcement of trademark rights

The Trademarks Act 1999 provides rights holders with both civil and criminal remedies against infringement or unauthorized use of a mark. Other remedies are available to rights holders under the Customs Act 1962, which deals with import/export of goods and confiscation of infringing materials by the relevant authorities.

Civil remedies

Depending upon whether a trademark is registered, pending registration or unregistered, civil proceedings can be initiated either under the tort of passing off or for statutory infringement under the Trademarks Act.

Civil proceedings in India are governed by the Code of Civil Procedure 1908. The general rule is that a suit can be filed in a court:

- where either the defendant or one of the defendants resides or carries on business or personally works for gain; or

- where the cause of action arises, wholly or in part.

Under the old Trademarks & Merchandise Marks Act 1958, the appropriate court for a suit was determined by the location of the defendant. However, Section 134(2) of the 1999 act allows a rights holder to file a suit for trademark infringement in the court where the registered proprietor resides or carries on business or personally works for gain.

A court can grant the following relief under a civil suit:

- injunctions;
- damages or accounts for profits; and
- delivery up of the infringing labels and marks.

Indian courts regularly grant Anton Piller, John Doe and, occasionally, Mareva injunctions, and may appoint court commissioners to inspect a defendant's premises, as well as seize and seal infringing goods.

When considering applications for *ex parte*, interim orders, Indian courts are guided by:

- the balance of convenience;
- whether the plaintiff will suffer irreparable harm should the order not be issued; and
- whether there exists a *prima facie* case.

In *Wander Ltd v Antox India P Ltd* (1990 Supp (1) SCC 727), the Supreme Court observed that: "The object is to protect the plaintiff against injury by violation of his rights for which it could not adequately be compensated in damages recoverable in the action if the uncertainty were resolved in its favour at the trial." In the same case the court further observed that: "The need for such protection must be weighed against the corresponding need for the defendant to be protected against injury resulting from its having been prevented from exercising its own legal rights for which it could not be adequately compensated. The court must weigh one need against another and determine where the balance of convenience lies."

In *Patel v Shah* ((2002) 3 SCC 65) the Supreme Court made the following

observations with regard to actions for passing off:

- it is usual, rather than essential, to seek a temporary injunction;
- proof of actual damage is not essential, likelihood of damage is sufficient; and
- an absolute injunction can be issued restraining the defendant from using or carrying on business under the plaintiff's distinctive trademark.

Limitation/delay

Since passing off or trademark infringement usually involves a series of acts, each infringing act provides a fresh cause of action. Thus, the general rule of limitation, which provides that a complaint must be filed within three years of the date upon which the cause of action first arose, does not apply in such cases. However, prompt action by rights holders will help to establish the seriousness of a claim in the eyes of the court.

In *Midas Hygiene Industries P Ltd v Bhatia* ((2004) 3 SCC 90), the Supreme Court held that: "...in cases of infringement either of trademark or of copyright normally an injunction must follow. Mere delay in bringing the action is not sufficient to defeat grant of injunction in such cases... The grant of injunction also becomes necessary if it *prima facie* appears that the adoption of the mark itself was dishonest".

Criminal remedies

The Trademarks Act provides for criminal remedies against the falsification or false application of a trademark and the use of false trade descriptions. Criminal sanctions include imprisonment for a term ranging between six months and three years, and/or fines of between Rs50,000 and Rs200,000.

Any police officer above the rank of deputy superintendent, if he or she is satisfied that a trademark offence has been, is being, or is likely to be, committed, has the power to search and seize infringing articles without warrant. Such an officer is empowered to seize not only the offending goods, but also dies, blocks, machines, plates and other instruments or equipment involved in committing the offence. However, before making the search and

seizure, the officer is required to obtain the opinion of the registrar of trademarks on the facts involved in the offence. Such requirement has been criticized for causing unwarranted delays and can be bypassed by filing a complaint with the magistrate to obtain directions to investigate and conduct search and seizure operations against the infringer(s) (whether known or unknown).

Border control measures

Rights owners can now record their registered trademarks with the customs authorities under the Intellectual Property Rights (Imported Goods) Enforcement Rules 2007 notified under the Customs Act 1962. These guidelines authorize customs officials to seize infringing goods at the border without the need for a court order. Under these rules, the rights holder may give notice in writing of suspected infringing goods to the commissioner of customs or any other customs officer authorized by the commissioner at the port of import requesting the suspension of clearance of the goods.

Provided the registration remains valid, the customs authorities will prevent the importation of goods infringing that mark. Customs authorities have the power to suspend the clearance of prohibited goods either on information received by the rights holder or on their own initiative, provided they have *prima facie* evidence or reasonable grounds to believe that the imported goods infringe the recorded mark.

These rules also allow for destruction of goods or disposal outside the normal channels of commerce after a determination that the goods infringe the recorded trademark and when no legal proceeding is pending in relation to such determination. They also prohibit the re-exportation of the infringing goods in an unaltered state.

Choosing the correct enforcement strategy

Enforcement measures should be based on the results of an efficient investigation, as this is critical to ascertain the existence of a *prima facie* case, likely defences and important details such as:

- the extent of the infringer's right to the use of a potentially infringing trademark and whether such use is in good faith;
- the extent and duration of the infringing activity;
- the position of the suspected infringer within the distribution network (ie, manufacturer, packer, wholesaler, importer or retailer);
- the identity of any connected parties; and



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- the financial standing and assets of the infringer.

The choice of civil and/or criminal remedies also depends upon the location and nature of the infringing activities. If, for instance, piracy is found to be 'institutionalized' in a market complex, civil proceedings may be ineffective in terms of cost as well as results, given the organized nature of the infringers.

It is worth noting that not all courts in India may be inclined to grant *ex parte* injunction or seizure orders. Thus, careful selection of venue and the nature of the action, including considerations as to the rights holder's ability to control or exit the litigation, will play an important role in determining the success of a campaign.

While at first flush criminal action may appear attractive given the tough remedies available, such as seizure, arrest, detention

of goods and participation of the defendant in hearings by force of law, various factors weigh against this type of action. These include the following:

- lack of IP awareness at prosecution and law enforcement level, making it exceptionally difficult to prove IP infringement, often resulting in acquittals;
- corruption;
- in the case of a criminal prosecution, the rights holder must ensure the availability of the complainant in whose name the action was filed, along with investigators/witnesses, for the duration of the proceedings, which may take anything between three and six years; and
- the complicated exit mechanisms for complainants (the first information report – the complaint filed by the IP owner – cannot be withdrawn during magisterial court proceedings; instead, it must be quashed by the local High Court).

Although specialized 'IP enforcement units' have been set up in many states to deal with cases of IP infringement, such units have not proved very effective and have made no real headway.

An enforcement strategy ultimately cannot ignore the importance of internal checks and balances to prevent overspills from licensed manufacturing units in India. Moreover, rights holders must apply authentication devices, such as holograms, and innovative packaging methods on original products to thwart infringement.

The best strategy is to take a 'layered approach' to enforcement. Large-scale civil and criminal actions against the main sources of infringement should be complemented by the use of cease and desist letters and public notices to propagate a zero-tolerance stance. The deterrent effect of such policy can be bolstered by border control measures and coordination with law enforcement officials to encourage them to investigate leads provided by the IP rights owner. Lastly, seeking public apologies from infringers helps to pressurize them into looking at alternative business models.

While improvements to the enforcement regime are needed, a carefully planned enforcement strategy can achieve results in India. [WTR](#)