
CONFLICTING STANDARDS FOR FIRST USE OF A TRADEMARK UNDER INDIAN LAW

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Modern trademark law faces a contemporary challenge in reconciling marks with transborder reputation with the principles and requirements of territorial presence to confer protection within a particular jurisdiction. ¹This difficulty is illustrated quite well in fringe cases such as the ones involving educational institutions, particularly the Princeton University case wherein the Delhi High Court held that mere reputation or publicity in India, without demonstrable and continuous use of the mark within the jurisdiction, is insufficient to sustain a passing off claim. The decision sheds light on the larger issue of recognizing transborder reputation in a system bound by territoriality.

The most apparent manifestation of this conflict is noted under the cases of Milmet Oftho Industries v. Allergan Inc. (2004) and Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd. (2018). In the former case, Milmet Oftho upholds the principle of global priority that is supported by the first-in-the-world market test, but Toyota demands that substantial goodwill in the Indian market be demonstrated in order to seek protection. The difference between these decisions can be explained by the difference in the evidentiary threshold, an issue that can be resolved within a more sophisticated framework, as further discussed in this paper.

On the face of it, these pronouncements seem to have nothing in common, however, a finer perusal shows that the point of difference is not in conceptual doctrine but in the seriousness of evidentiary conditions and the factual situations of every case. The case in Milmet Oftho was about pharmaceutical products, in which the risk of confusion on the part of the consumer has serious consequences on the health of the population. The Court recognized the international nature of the pharmaceutical industry and that there could be a likelihood that the Indian doctors and other professionals were already familiar with international drug brands before they were formally introduced into the Indian market. At the same time the Court warned

¹ *The Trustees of Princeton University v. The Vagdevi Educational Society*, FAO (OS) (COMM) 239/2023 (Del. H.C. Sept. 26, 2025).

against permitting multinational corporations with no intent to enter India to hamper legitimate domestic businesses that are actually first to market in the country.² The Delhi High Court in *Keller Williams Realty Inc. v Dingle Buildcons Pvt. Ltd* also recognized that the principle laid down in *Milmet oftho* could not be seen as a blanket precedent, rather the peculiarity and nature of the goods and services have to be considered in devising any applicable evidentiary standard and that per se is not enough to override the territoriality principle.

In case of the *Toyota (Prius)* decision, the Court stated that there was a need to prove that the reputation of the mark had actually entered the Indian consumer market prior to its use by the defendant. The Court acknowledged that even though the Toyota Company had previously introduced its Prius model in other countries, the evidence which was provided did not prove that the mark had gained pre-existing goodwill in India before the registration of the Indian defendant. Instead of abandoning the transborder reputation concept, the Court issued a warrant on the demonstration of spillover, thus focusing on substantiation by evidence and not presumption.

The key question in this regard is the harmonization of these two interpretive courses of action into a coherent and principled paradigm. To begin with, it is the role of the courts to determine whether the foreign owner was indeed the first to use the mark on a worldwide basis, and whether the owner has actually intended to trade or carry out business in the Indian market. This is the first move and this is essential considering the apprehension of *Milmet Oftho* of giving chances to foreign entities who has no real intentions in the Indian market to suffocate domestic business. In case the foreign entity has taken real steps toward Indian entry, i.e. formed partnerships, filed regulatory forms, developed distribution channels, or engaged in other preparatory actions, such commercial orientation should be thought of. Without intent or planning, protection would, otherwise, be rejected, thus avoiding the weaponisation of the law to act as a strategic hindrance. The court would then need to consider evidence of spillover into India once it has been proved that there is a bona fide global priority and commercial intent. However, this framework remains in consonance with *Toyota*, as evidence of global priority and commercial intent can only support the claim and cannot replace the requirement of proving actual spillover of goodwill in India, which remains the decisive threshold for protection.

² *Keller Williams Realty Inc. v. Dingle Buildcons Pvt. Ltd.*, 2020 SCC OnLine Del 539 (Del. H.C. 2020).

Nevertheless, the evidentiary standard must not be consistently and uniformly applied in all sectors. The level of evidence should be adjusted to the specific goods and services, the population of buyers and the structure of the market. In the most specialised markets like pharmaceuticals or high technology, the awareness of professionals, importers or those inside the industry would be sufficient to prove spillover, but in a mass-consumer market like automotive or everyday products, more noticeable evidence of citizen knowledge, advertising, or overall consumer awareness would be mandatory. While the legal standard remains uniform, its application is necessarily sensitive to the awareness of the hypothetical purchaser, with more informed consumers requiring a lower threshold of proof and general consumers demanding more substantial evidence of reputation.³ This contextual modification is consistent with the principle in *Cadila Healthcare* that the likelihood of confusion depends on the class of purchasers and their degree of awareness.

A further dimension that merits consideration in this debate is the increasing role of digital presence in shaping trademark reputation across borders. In today's interconnected marketplace, brands often achieve visibility in jurisdictions even before establishing a physical or commercial footprint. Online advertising, social media engagement, cross-border e-commerce, and global media exposure have significantly altered how consumers encounter and recognise trademarks. This raises an important question: should the traditional requirement of territorial use be interpreted more flexibly in light of these developments? While Indian courts have rightly insisted on proof of actual spillover, the nature of such spillover itself has evolved. Evidence of reputation can no longer be confined to conventional indicators such as physical sales or local advertising; digital metrics like website traffic from Indian users, targeted online campaigns, or substantial Indian consumer engagement may also be relevant in demonstrating goodwill. At the same time, an uncritical acceptance of digital presence as sufficient proof could dilute the territoriality principle and open the floodgates to speculative claims by foreign entities with no genuine commercial interest in India. Therefore, courts must adopt a balanced approach that distinguishes between passive online visibility and meaningful market penetration. The focus should remain on whether the mark has created a real association in the minds of Indian consumers, rather than mere technical accessibility. Incorporating this digital dimension into the evidentiary framework would not only align trademark law with contemporary commercial realities but also enhance the coherence of the proposed harmonised

³ *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*, (2001) 5 S.C.C. 73 (India).

standard. It ensures that the law remains responsive to evolving modes of trade while continuing to safeguard the interests of both domestic enterprises and legitimate foreign right holders.

Timing also plays a very crucial role. The foreign owner should prove that there was any reputation spillover in India prior to adoption and registration by the defendant. The reputation that has come into material existence following the investment and use of the defendant could not work against the antecedent rights of the defendant. This time need is fundamental in the provision of fair commercial certainty.

Lastly, the behaviour of the defendant should be questioned by the courts. The fact that the defendant has fairly embraced the foreign mark, with knowledge that this would help it exploit the global association, could be used to justify insignificant spillover. On the other hand, when the defendant in good faith and on his own adopted the mark, the goodwill with the locals should have accrued over time, then the liability should be left squarely on the foreign owner. That way bad-faith appropriation would be deterred and honourable domestic practice would be excused.

This is the approach of methodology that balances *Milmet Oftho* and *Toyota (Prius)* without making them mutually exclusive doctrines. *Milmet Oftho* reminds us that “first in the world market test” and international industry forces are the forces that cannot be ignored, and *Toyota (Prius)* shows that the Indian goodwill in the jurisdiction must be safeguarded, and not be based on assumption. Both these decisions can coexist within a consistent jurisprudential framework, which involves an application of an aligned and calibrated framework incorporating consideration of global priority, commercial intent, contextual spillover, timing and good faith. This kind of resolution abides by the principle of territoriality and at the same time appreciates the global trade reality. It checks the excesses of multinationals, discourages bad faith domestically, and adds predictability to an area that is currently characterized by uncertainty. The decision in ⁴*Toyota v Tech Square* also implicitly harmonises *Milmet Oftho* and *Toyota (Prius)* by treating the latter as the governing standard and confining the former to limited, context-specific situations.

⁴ *Toyota Jidosha Kabushiki Kaisha v. Tech Square Eng'g Pvt. Ltd.*, 2023 SCC OnLine Del 583 (Del. H.C. 2023).