
CASE STUDY: ITC LTD V PHILIP MORRIS PRODUCTS SA & ORS. 2010(42) PTC 572 (DEL)

Rakshitha P, CMR University School of Legal Studies

INTRODUCTION

Trademark law aims at providing legal protection against the fake and fraudulent products. It aims to protect consumers from any likelihood of confusion which may arise due to deceptively similar marks and protect the trader's reputation in order to assist him in marketing his goods. A trademark includes any word, name, symbol, configuration, device, and shape of goods, packing, combination of colours or any combination thereof which one adopts and uses to identify and distinguish his goods from those of others. Trademark serves to be a sign of reliable source and quality and also aids consumers in identification of the products they prefer from a wide range of other similar products.

The trademark law is not intended to protect a person who deliberately sets out to take benefit of somebody else's reputation with reference to goods, especially so when the reputation extends worldwide. The trademark law primarily serves two important purposes: it protects the public from confusion and deception by identifying the source or origin of particular products as distinguished from other similar products and it protects the trademark owner's trade and business as well as the goodwill which is attached to his trademark.

PRINCIPLES

Principles used in this case:

Doctrine of dilution: Dilution is a type of infringement of a trademark, in which the defendants use the mark without causing a likelihood of confusion, blurs, distinctiveness or tarnishes the image of the plaintiff's mark. Trademark dilution does not require confusion and comes in two main forms: blurring and tarnishment. An important aspect for protecting trademarks is to avoid weakening or dilution of trademarks. If the subsequent user adopts the similar or same or near similar mark in respect of same goods it would not only decrease the value of the trademark of a prior user but ultimately may result in dilution of the mark itself. A trade mark

is like a property and no person is allowed to trespass. Such kind of dilution or weakening of the trade mark need not, therefore, be accompanied with an element of confusion.

FACTS OF THE CASE

In the present case, the plaintiff “ITC” claims to have business in various industries for products and services such as hotels, fast moving consumer goods, packing, paperboards, specialty paper including cigarettes, etc. ITC as a company owns the mark “WELCOME GROUP” under which they own 14 hotels. ITC claims that its “WELCOME GROUP” logo has been in continuous use on its products and packaging of its famous “Kitchens of India” which are ready to eat food products.

ITC states that the defendants “Philip Morris” have introduced cigarettes in India by the name “MARLBORO”. ITC states that the defendants have used their traditional “MARLBORO” cigarette since their launch in India, where it is alleged Philip Morris use a part of logos that is identical to ITC Namaste “WELCOME GROUP” logo. The plaintiff alleges that there is high resemblance between the two logos and the use of the impugned mark would injure by association with the plaintiff’s distinctive trademark the “WELCOME GROUP” logo.

PROVISIONS OF LAW

1. SECTION 29(4) of the trademarks act 1999.

The Trade Marks Act, 1999-Section 29(4) deals with trademark dilution. However, the word ‘dilution’ is not defined under the Act. Section 29(4) of the Trade Marks Act lays down the conditions that distinguishes dilution:

- (a) is identical with or similar to the registered trademark; and
- (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and
- (c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or reputation of the registered trademark.

ISSUES INVOLVED

1. Whether mark used by the defendant as a whole is deceptively similar to that of the registered mark of the plaintiff?
2. Whether the plaintiff proved similarity, as well as established the distinctiveness and reputation of his trademark and services associated with the defendant's mark?

ARGUMENTS

PLAINTIFFS CONTENTION

In the present case, the plaintiff points out about the constant use of the 'WELCOME GROUP' logo since its inception. The plaintiff in this case claimed that since it was also involved in the tobacco business and one of its main products was production of cigarettes, the use of a similar mark by the defendant for their cigarettes would link its products with that of defendants, which, the plaintiffs claim, would amount to both infringement and passing-off. Plaintiffs placed their reliance on Section 29(4) of the Trademark Act, 1999, to note that the logo of the defendant's product caused 'blurring and dilution' of the distinctive character of the plaintiff's logo. In the present case, ITC Ltd. argued that the act of the plaintiff caused likelihood of confusion in the minds of unwary consumers with imperfect recollection due to the substantial similarity of the marks, and not the actual infringement.

ITC Ltd. Referred to the case of Ramdev food products pvt. Ltd. V Arvind Bhai Ram Bhai Patel & ors (2006(33) PTC 281) to while pointing out that even though Philip Morris may not be using the plaintiffs 'WELCOME GROUP' mark, its guise is such that it amounts to passing off an infringement. Plaintiff referred to case of Daimler Benz aktiengesellschaft v hybo Hindustan (1994 PTC 287) to establish that trademark dilution through damaging association by unrelated products was accepted where the trademark was distinctive and famous in nature.

DEFENDANTS CONTENTION

Defendants' contention is that they had an independent and distinctive trademark in the word mark, their logo mark is also completely dissimilar to that of the plaintiff. It is contended that the roof-device of the defendants is dissimilar to ITCs W-Namaste; it is urged that there is no possibility of infringement of copyright of the trademark, nor there is any likelihood of confusion in the minds of even casual smokers. According to Philip Morris, ITCs case is not that the hospitality industry segment is so prominently engaged in selling cigarettes as a

commodity that an unwary purchaser may be misled in confusing the roof device logo of the defendant with that of W Namaste logo of the plaintiff

It was also contended by the defendants that trademark dilution happens to be a strict test now explicated by the statute under Section 29 (4) of the Trademarks Act, 1999, and it is a required that the plaintiff establishes a prima facie similarity between the two marks as well as a 'linkage' or 'mental association' between the two marks in the minds of the purchaser. To conclude, the defendant in this case pointed out that the plaintiff has neither shown likelihood of confusion nor any unfair competition due to their logo and hence it argued by the defendant that the injunction cannot be granted against the use of the mark.

JUDGMENT

In this landmark judgment, the court engaged in an extensive discussion on the trademark dilution doctrine. The court stated that the test evolved for the traditional trademark infringement actions were inapplicable to cases falling under section 29(4), and consequently detached the likelihood of confusion test from all actions falling under this clause. The court pointed out that the absence of a presupposition of infringement under section 29(4) of the act of 1999, unlike the other clause 0of section 29, was suggestive of the legislation intent requiring a higher standard of proof for the cases falling under section 29(4) of the act of 1999.

The court held that the 1999 act has enjoined protection against dilution if the following essentials are established-

1. The use of the impugned mark is either identical or similar to the registered mark;
2. The use of the registered mark has a reputation in India;
3. Without any due cause the impugned mark is used;
4. The impugned mark is used which leads to unfair advantage, determined to distinctive character or reputation of the registered trademark.

ISSUE 1

Whether, mark used by the defendant as a whole is deceptively similar to that of the registered mark of the plaintiff?

In deciding the question of the similarity of the two marks in a dilution action, the court must focus on the global look rather than on the common elements of the two marks. The court noted that ITCs 'W-NAMASTE' LOGO is part of a larger trademark. It is not a standalone mark; it is used with the word WELCOME GROUP. Therefore, the court held that there was no discernible identity or similarity in the overall presentation of two logos.

ISSUE 2

Whether, plaintiff proved similarity, as well as established the distinctiveness and reputation of his trademark and services associated with the defendant's mark?

The court held that the ITC mark could go beyond the hospitality services and extend to other luxury goods, there was nothing to show that such association could extend to cigarettes. The court considered this aspect, as ITC itself sold cigarettes without the said mark. There was also nothing on record to show that the use of the defendant's mark would be determined by the distinctive character of the plaintiff's mark.

The court stated that the defendants have shown that its mark has carried distinctive design which is now modified into new mark "MARLBORO" prominently accompanying it, the court was satisfied that plaintiffs had failed to show that defendants had taken undue advantage or caused detriment to it.

The court gave a decision that injunction cannot be granted based on the grounds mentioned above and also stated that the introduction of the defendants mark will not dilute the plaintiffs mark.

RATIO AND REASONING

For the plaintiff to claim for trademark dilution, the mark in question has to be identical or similar to that of the registered mark. Under this element, the plaintiff need to establish "linkage" or "mental association" of the offending mark, with that of the plaintiffs in the mind of the consumer, which is one of the most important essential for securing relief in any claim for trade mark dilution."

CRITICAL ANALYSIS OF THE CASE

The decision given by the court in the ITC case correctly analyses the requirements under

section 29(4) of the trademarks act of 1999. The court rightly pointed out the absence of presumption of infringement under section 29(4) unlike the other clauses of section 29 which clearly shows that section 29(4) requires a high standard of proof. In this case the court has used trademark dilution as a means to enhance the potency of trademark protection, thereby, the court has established the standards required to be much higher to establish dilution and in doing so the court has noted that the degree of the protection provided is proportionate to the distinctiveness of the mark.

Section 29(4) of the act provides that the mark in question has to be identical or similar to the registered mark. The court in this case requires the plaintiff to show some linkage and mental association of his mark with the offending in the mind of the consumer. The courts in India have stressed upon the requirement of high and nationwide reputation for a mark to be considered distinctive.

The courts instead should consider the time period for which the plaintiff used his mark before the defendant using a similar mark. And with respect to the reputation of the brand, or the mark operating in a geographical area, nationwide reputation must not be a requisite as it places an additional and unnecessary requirement.

The court in this case made it clear that only the “likelihood of confusion” has to be proved even though the provision in section 29(4) does not explicitly state the same but suggests that actual dilution has to be proven. The dilution clause presented a much wider protection in respect of unrelated products. This case served to address this ambiguity in detail and noted that proving actual dilution is not necessary. The likelihood of confusion is the test that answers the question of whether the new user has used or reproduced the trademark which creates the likelihood of confusion among consumers as to the source of the new user’s goods such as infringing the well-known marks.

The court stated the difference between trademark law and trademark dilution. Trademark law intends to protect consumer interest, while the trademark dilution protects the uniqueness of the trademark itself.

CONCLUSION

Dilution of trademark is a species of infringement. The protection extended by section 29(4) of the trademarks act 1999 even to dissimilar goods and services, is actually based upon the

“doctrine of dilution”. Dilution is a type of violation of a trademark, in which the defendants use, while not causing likelihood of confusion, blurs distinctiveness or tarnishes the image of the plaintiff’s mark.

Unlike in case of infringement of trademark in relation to similar goods and services, in the case of dilution infringement of mark by use in respect of dissimilar goods or services infringement of the trademark is not presumed. This means that each element mentioned above as essential to prove the dilution of the mark has to be established. The plaintiff has to fulfil a more stringent test of proving identity of similarity than mere deceptive similarity standard, where trademark dilution is complained about.

ITC v Philip Morris case is considered as an important case with respect to trademark law regime as it was in this case that the court addressed various ambiguities and confusion pertaining to section 29 of the trademarks act 1999 and the court finally put an end to applicability of likelihood of confusion test as it not an essential condition for dilution to be established. This case is said to be the most significant case with respect to the Indian trademark dilution.