
THE EVOLUTION AND GLOBAL SIGNIFICANCE OF DYNAMIC AND DYNAMIC+ INJUNCTIONS

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ABSTRACT

This paper provides a comprehensive analysis of the dual legal framework governing trademark protection in India, which harmonises explicit statutory rights under the Trade Marks Act, 1999, with the common-law remedy of passing off. It critically examines the mechanics of statutory infringement, including the evolving judicial interpretations of "deceptive similarity" and dilution, alongside the "Classical Trinity" requirements of passing off. A focal point of the study is the judicial evolution of transborder reputation, highlighting the Indian Supreme Court's significant shift from the universality principle to a stricter territoriality requirement for foreign marks. Furthermore, the research explores the intersection of intellectual property and corporate jurisprudence, specifically assessing the doctrine of piercing the corporate veil and the evolving standards for directors' personal liability in infringement suits. Finally, the paper addresses the novel enforcement challenges posed by the digital economy, such as non-commercial digital dilution and the pioneering use of "dynamic" and "dynamic+" injunctions against digital piracy. The study concludes by highlighting the dichotomy between substantive legal provisions and practical enforcement bottlenecks, emphasising the need to balance territorial sovereignty with the realities of a borderless, interconnected global market.

Keywords: Trademark Infringement, Passing Off, Transborder Reputation, Director Liability, Dynamic Injunctions.

1.1 Introduction to the Dual Protection Regime

The protection of trade marks in India operates within a sophisticated dual legal regime that harmonises explicit statutory rights with evolved common-law principles. This chapter provides an exhaustive analysis of the legal framework governing trademark infringement and passing off, delineating the complex boundaries between registered and unregistered rights. The Trade Marks Act, 1999 (hereinafter, "the Act") serves as the statutory basis for aligning Indian intellectual property jurisprudence with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). However, the Act explicitly preserves the common law remedy of passing off under Section 27(2), ensuring that the goodwill associated with unregistered marks remains protected against misrepresentation and deceit.¹

This duality creates a multifaceted enforcement landscape in which businesses must navigate distinct evidentiary burdens and strategic considerations. Infringement claims, available exclusively to registered proprietors, rely on the statutory presumption of validity and the exclusive right to use defined in Section 28 of the Act. In contrast, passing off actions, rooted in the tort of deceit, require the claimant to establish reputation, misrepresentation, and damage the "Classical Trinity" established in *Reckitt & Colman Products Ltd v. Borden Inc.*² The interplay between these two forms of action is not merely procedural but substantive: At the same time, infringement concerns the unauthorised use of a proprietary asset, and passing off concerns the protection of consumer welfare and the prevention of market distortion caused by misrepresentation.

This chapter critically examines these parallel tracks, exploring the nuanced statutory provisions for infringement, the evolving judicial interpretation of passing off (particularly the oscillation between "transborder reputation" and "territoriality"), and the emerging challenges posed by the digital economy. Furthermore, it analyses the increasingly relevant interface between intellectual property (IP) law and corporate jurisprudence, specifically examining directors' liability and the doctrine of piercing the corporate veil in infringement suits under the Companies Act, 2013.

¹ The Trade Marks Act, 1999, s. 27(2).

² *Reckitt & Colman Products Ltd v. Borden Inc.*, 1 All ER 873.

1.2 Statutory Framework for Trademark Infringement

1.2.1 Statutory Definitions and the Scope of Protection

Central to the enforcement of trademark rights is the definition provided in Section 2(1)(zb) of the Act, which defines a "trade mark" as a "mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others".³ This definition marks a significant evolution from the Trade and Merchandise Marks Act, 1958, expanding the scope of protection beyond traditional names and logos to include nonconventional marks such as shapes, packaging, and colour combinations, provided they meet the rigorous criteria of distinctiveness and graphical representability.⁴

The exclusive right to use a registered trademark is conferred by Section 28, which entitles the registered proprietor to obtain relief in respect of infringement. This statutory monopoly is the cornerstone of the registration system, incentivising businesses to register their marks to gain a presumption of validity. However, this right is not absolute; it is subject to other provisions of the Act, such as Section 30 (limits on effect of registered trade mark) and Section 34 (saving for vested rights). The statutory architecture is designed to balance the trademark owner's monopoly rights with the imperatives of free-market competition, allowing fair use, descriptive use, and protection for prior users.

1.2.2 The Mechanics of Infringement: Section 29 Analysed

Section 29 of the Trade Marks Act, 1999, constitutes the core statutory provision governing infringement. It provides a comprehensive code that enumerates the various circumstances under which a registered trademark is infringed. The section establishes a tiered system of infringement based on the degree of similarity between the marks and the goods or services at issue.

1.2.2.1 Identity of Mark and Goods (Section 29(1) & 29(2)(c))

The highest degree of protection is afforded where the infringing mark is identical to the registered mark and is used in relation to identical goods or services. In such cases, Section 29(2)(c) mandates a statutory presumption of confusion. The legislature presumes that if a

³ The Trade Marks Act, 1999, s. 2(1)(zb).

⁴ The Trade and Merchandise Marks Act, 1958; The Trade Marks Act, 1999.

consumer encounters an identical mark on an identical product, confusion is inevitable. Consequently, the onus in such cases shifts heavily onto the defendant to disprove confusion, a burden that is practically difficult to discharge. This provision reflects the "double identity" rule in European trademark law and the TRIPS Agreement, thereby simplifying the plaintiff's burden in cases of blatant counterfeiting.

1.2.2.2 Similarity and Likelihood of Confusion (Section 29(2)(a) & (b))

A more complex analysis is required when there is only similarity, rather than identity, between the marks or the goods. Infringement under Section 29(2)(a) and (b) occurs if a mark is identical or similar to the registered mark and used for similar or identical goods, leading to a "likelihood of confusion" or a "likelihood of association" on the part of the public. This subsection codifies the "deceptive similarity" test. The "likelihood of association" is broader than direct confusion; it encompasses situations in which the consumer may not be confused about the product's origin but may assume a commercial connection, sponsorship, or licensing arrangement between the two entities.

1.2.2.3 Dilution and Well-Known Marks (Section 29(4))

Section 29(4) represents a significant departure from the 1958 Act by introducing the concept of dilution, aligning Indian law with Article 16(3) of the TRIPS Agreement. This section protects marks with a "reputation in India" against the use of identical or similar marks even on *dissimilar* goods or services, provided such use takes "unfair advantage of, or is detrimental to, the distinctive character or repute of the registered trade mark".⁵

This provision addresses the harms of "blurring" (weakening the mark's distinctiveness) and "tarnishment" (harming the mark's reputation). Unlike standard infringement, Section 29(4) does not require a likelihood of confusion. Instead, it requires the plaintiff to prove:

1. The mark has a reputation in India.
2. The use of the mark is without due cause.

⁵ The Trade Marks Act, 1999, s. 29(4).

3. The use takes unfair advantage of or is detrimental to the mark's character or repute.

The interpretation of "reputation" in this context is stringent. In *Ford Motor Company v. C.R. Borman*, the Delhi High Court clarified that protection for dissimilar goods is an exception, not the rule, and requires a high threshold of brand recognition.⁶

1.2.3 Judicial Interpretation of "Deceptive Similarity"

The determination of infringement often hinges on the concept of "deceptive similarity," defined in Section 2(1)(h) as a resemblance likely to deceive or cause confusion. Indian courts have developed extensive jurisprudence to interpret this standard, emphasising that the test is strictly consumer-centric, viewed through the eyes of the "average consumer with imperfect recollection."

The "Piano vs. Biscuit" Test: *Parle Products*

In the landmark case of *Parle Products Pvt. Ltd. v. JP & Co*, the Supreme Court laid down the foundational test for deceptive similarity. The dispute involved the wrapper design of glucose biscuits. The Court held that it is not necessary to place the rival marks side-by-side to find similarities, as the consumer rarely has the opportunity for such direct comparison. Instead, the court must assess the overall similarity and the essential features of the marks. If the overall visual and phonetic impression is likely to confuse the unwary purchaser, infringement is established, regardless of minor differences in detail.⁷ This "overall impression" test remains the gold standard in Indian trademark law.

Pharmaceutical Stringency: The *Cadila* Factors

The judiciary has adopted a differentiated approach based on the nature of the goods. In *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*, the Supreme Court established a stricter standard for medicinal products. Recognising that confusion in pharmaceuticals can have lifethreatening consequences (e.g., confusing a sleeping pill with a malaria drug), the Court ruled that even a lower degree of resemblance could constitute infringement in this sector. The

⁶ *Ford Motor Company v. C.R. Borman*, (2014) 59 PTC 132 (Del).

⁷ *Parle Products Pvt. Ltd. v. JP & Co*, (1972) 1 SCC 618.

Court enumerated the "Cadila factors" for determining deceptive similarity, which include:

- The nature of the marks (word, label, or composite).
- The degree of resemblance (phonetic and visual).
- The nature of the goods and the character of the commercial activity.
- The similarity in the nature, character, and performance of the goods.
- The class of purchasers (e.g., doctors vs. general public) and the degree of care they are likely to exercise.
- The mode of purchasing (prescription vs. over-the-counter).⁸

The *Cadila* judgment emphasised that, in a multilingual country like India, where English is not the first language for many, phonetic similarity is of paramount importance, and the potential confusion of "unlettered" or "semi-literate" consumers must be considered.

1.3 Passing Off: The Common Law Remedy

While registration confers statutory rights, Section 27(2) of the Act ensures that "nothing in this Act shall be deemed to affect rights of action against any person for passing off goods or services as the goods of another or as services provided by another, or the remedies in respect thereof".⁹ Passing off is a common law tort based on the broad principle of commercial morality that "no man may sell his goods under the pretence that they are the goods of another." It is wider than infringement in that it protects the goodwill of a business rather than just the mark itself.

1.3.1 The "Classical Trinity" Elements

Indian courts consistently apply the "Classical Trinity" test postulated by the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc* (the Jif Lemon case) to determine passing off. To succeed in a passing off action, a plaintiff must prove three probanda:¹⁰

⁸ *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*, (2001) 5 SCC 73.

⁹ The Trade Marks Act, 1999, s. 27(2).

¹⁰ *Reckitt & Colman Products Ltd v. Borden Inc*, 1 All ER 873.

1. **Goodwill:** The plaintiff must establish the existence of a reputation or goodwill attached to the goods or services in the mind of the purchasing public. Goodwill is the "attractive force that brings in custom" and is distinct from mere reputation. It implies a commercial presence and a customer base.
2. **Misrepresentation:** The plaintiff must prove a misrepresentation by the defendant to the public (whether intentional or not), leading or likely to lead the public to believe that the goods or services offered by the defendant are the goods or services of the plaintiff. This can occur through similar names, get-ups, packaging, or even marketing themes.
3. **Damage:** The plaintiff must demonstrate that they have suffered, or are likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation. This damage typically takes the form of lost sales, dilution of goodwill, or erosion of brand exclusivity.

This framework requires a holistic assessment of the market reality. Unlike infringement actions, which are often decided on a comparison of the marks alone, passing-off actions require extensive evidence of actual market use, advertising expenditure, sales figures, and instances of actual confusion.

1.3.2 Transborder Reputation: The *Whirlpool* Doctrine

One of the most dynamic and contested areas of Indian trademark law has been the recognition of "transborder reputation." In a globalised economy, a brand may acquire a reputation in a country through advertising, online exposure, and international travel, even before the physical commercialisation of goods in that jurisdiction. Indian courts initially embraced the "Universality Principle," recognising that territorial borders do not confine reputation.

The seminal case of *N.R. Dongre v. Whirlpool Corporation* firmly established this doctrine in India. The dispute involved the US corporation Whirlpool, which had not yet commenced commercial sales of washing machines in India, and an Indian company that had registered the "Whirlpool" mark. The Supreme Court upheld an injunction against the Indian company, reasoning that the reputation of the "Whirlpool" brand had transcended borders through advertisements in international magazines (circulation in India) and through the knowledge of

Indian travellers. The Court held that "reputation" could exist without "use" in the physical sense. This judgment positioned India as a jurisdiction favourable to the protection of wellknown international marks, allowing foreign entities to maintain passing-off actions based solely on spillover reputation.¹¹

This approach was further solidified in cases like *Milmet Oftho Industries v. Allergan Inc*, where the Supreme Court protected the mark "Ocuflox" for eye drops, holding that in the healthcare sector, the worldwide reputation of a drug should be respected to prevent confusion, even if the drug was not yet sold in India.¹²

1.3.3 The Shift to Territoriality: *Toyota Prius* (2017)

Despite the expansive precedent set by *Whirlpool*, the Supreme Court recalibrated the standard in *Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd.*, signalling a retreat towards the "Territoriality Principle."¹³

Toyota challenged an Indian auto parts manufacturer using the name "Prius." Although Toyota had launched the Prius hybrid car globally in 1997 and achieved significant global fame, it did not release it in India until 2010. The defendant had registered and used the "Prius" mark in India since 2001. Toyota argued that its transboundary reputation before 2001 should entitle it to an injunction.

In a significant pivot, the Supreme Court ruled in favour of the Indian defendant. The Court distinguished *Whirlpool*, holding that for a passing off action to succeed, the foreign claimant must prove that they had acquired a "substantial goodwill" *within the Indian market, specifically* at the time of the defendant's commencement of use. The Court emphasised that "reputation" and "goodwill" are distinct: while reputation may be global, goodwill is territorial and arises from business. The Court found that, although Toyota had a reputation, the evidence (advertisements in specialised magazines) did not establish that a significant portion of the Indian public was aware of the Prius brand in 2001.

This judgment raised the evidentiary bar for multinational corporations. It established that mere international reputation or spillover advertising is insufficient unless it translates into actual,

¹¹ N.R. Dongre v. Whirlpool Corporation, (1996) 5 SCC 714.

¹² Milmet Oftho Industries v. Allergan Inc, (2004) 12 SCC 624.

¹³ Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd., (2018) 2 SCC 1.

concrete goodwill among the relevant Indian public. This "Territoriality Principle" effectively requires foreign brands to demonstrate a stronger local connection, such as actual sales, extensive local advertising, or a physical presence, to sustain a passing-off claim against a prior local user.

1.4 Defences to Infringement and Passing Off

The Trade Marks Act, 1999, provides specific statutory defences that a defendant may plead to escape liability. These defences are crucial for safeguarding the balance between proprietary rights and the public domain, ensuring that trademark law does not stifle fair competition or legitimate descriptive use.

3.4.1 Honest Concurrent Use (Section 12)

Section 12 of the Act allows for the registration of identical or similar trademarks by different proprietors in cases of "honest concurrent use" or other exceptional circumstances. While primarily a registration provision, it is frequently invoked as a defence in infringement suits. The underlying rationale is that if two entities have used the same mark honestly and concurrently for a significant period without confusing, the commercial reality dictates that both should be permitted to coexist.¹⁴

However, judicial interpretation has clarified that Section 12 is not an absolute defence to infringement but rather a mechanism for concurrent registration. In *Power Control Appliances v. Sumeet Machines Pvt. Ltd.*, the Supreme Court held that honest concurrent use serves as a shield only when the commercial use is substantial and the adoption was *bona fide*. If the initial adoption was dishonest and intended to exploit the plaintiff's goodwill, the defence of concurrent use fails, regardless of the duration of use. The "honesty" of the adoption is the critical filter; a defendant cannot claim this defence if they were aware of the plaintiff's mark and adopted it to deceive consumers.¹⁵

1.4.2 Acquiescence (Section 33)

Section 33 provides a statutory defence based on the principle of acquiescence. If a proprietor

¹⁴ The Trade Marks Act, 1999, s. 12.

¹⁵ *Power Control Appliances v. Sumeet Machines Pvt. Ltd.*, (1994) 2 SCC 448.

¹⁶ The Trade Marks Act, 1999, s. 33.

of an earlier trade mark has acquiesced for a continuous period of five years in the use of a registered trade mark, being aware of that use, they can no longer apply for a declaration that the later trade mark is invalid or oppose its use.¹⁶

This provision functions as a statute of limitations for challenging registered marks. To successfully plead acquiescence, the defendant must prove:

1. **Actual Knowledge:** The plaintiff must have had actual knowledge of the defendant's use of the mark. Constructive knowledge is often insufficient.
2. **Inaction or Encouragement:** The plaintiff must have remained silent or positively encouraged the use for a continuous period of five years.
3. **Good Faith:** The defendant's registration must have been applied for in good faith.

Acquiescence acts as a form of estoppel, preventing the trademark owner from "sleeping on their rights" and then enforcing them to the detriment of a business that has established itself in the interim. Importantly, Section 33(1)(b) clarifies that this defence is only available against a *registered* later mark. Against an unregistered user, the common law defence of laches/acquiescence applies, which is more flexible but more complex to prove.

1.4.3 Fair Use and Descriptive Use (Sections 30 & 35)

Sections 30 and 35 of the Act protect the use of bona fide descriptions of the character or quality of goods (descriptive use) and the use of one's own name (personal name defence). A defendant can argue that the impugned mark is generic to the trade or describes the intended purpose of the goods (e.g., "Sugar Free" for sweeteners or "Micro" for microwave-safe products), thereby negating infringement.

Section 35 specifically protects a person's right to use their own name or the name of their place of business in a bona fide manner. However, this right is not absolute. In *Dr Reddy's Laboratories Ltd. v. Reddy Pharmaceuticals Ltd.*, the Delhi High Court held that if the use of a personal name is calculated to deceive and trade upon the goodwill of another, the defence

of Section 35 will not apply.¹⁶ The "bona fide" requirement is the controlling factor; a person cannot use their surname to pass off their goods as those of a famous brand (e.g., a Mr Benz selling cars under the name "Benz").

1.5 Remedies for Trademark Infringement and Passing Off

The remedial framework in India is comprehensive, encompassing civil, criminal, and administrative reliefs. The objective is twofold: to compensate the right holder for economic loss and to deter future violations through punitive measures.

1.5.1 Civil Remedies (Section 135)

Section 135 of the Act empowers courts to grant injunctions, damages, or accounts of profits, along with the delivery-up of infringing labels.¹⁸

• **Injunctions:** The most sought-after remedy is the injunction. Courts typically grant:

- *Interim/Ad-interim Injunctions:* Temporary orders restraining the defendant pending the final trial. These are crucial for preventing immediate market dilution and confusion.
- *Permanent Injunctions:* Final orders prohibiting the defendant from using the mark perpetually.
- *John Doe (Ashok Kumar) Orders:* A specialised form of injunction against unknown defendants ("John Doe" or "Ashok Kumar"). These are particularly effective in counterfeiting and digital piracy cases where the infringer's identity is unknown or fluid.¹⁷

• **Damages vs. Account of Profits:** A plaintiff must elect between damages (compensation for loss suffered) or an account of profits (disgorgement of the defendant's ill-got gains). They cannot claim both.

¹⁶ Dr. Reddy's Laboratories Ltd. v. Reddy Pharmaceuticals Ltd., (2004) 29 PTC 435 (Del).

¹⁸ The Trade Marks Act, 1999, s. 135.

¹⁷ Tej Television Ltd. v. Rajan Mandal, FSR 22 (Del).

- *Compensatory Damages*: Calculated based on actual loss, including lost sales, royalty rates, and reputation damage.
- *Punitive Damages*: Following the precedent in *Time Incorporated v. Lokesh Srivastava*, Indian courts began awarding punitive damages to deter flagrant infringement.¹⁸ However, the recent trend indicates a shift toward a more calibrated approach.

Case Study: *Lifestyle Equities v. Amazon* (2024-2025)

The evolving nature of damages quantification is exemplified in the recent *Lifestyle Equities CV v. Amazon Technologies Inc.* litigation. A Single Judge of the Delhi High Court initially awarded a staggering ₹339 crore (\$39 million) in damages against Amazon for infringing the "Beverly Hills Polo Club" trademark.¹⁹ The calculation included lost royalties and profits from online sales. However, the Division Bench subsequently stayed this decree. The Bench noted that such a massive quantum was not specifically pleaded in the original plaint, and that the calculation of damages lacked rigorous evidentiary support for Amazon's role as an intermediary rather than a direct seller.²⁰ This case highlights the heightened judicial scrutiny applied to high-value damage claims and the necessity of precise pleadings and forensic accounting in digital infringement suits.

1.5.2 Criminal Remedies (Sections 103-105)

The Act criminalises trademark offences, reflecting the public policy interests in consumer protection and the prevention of fraud.

- **Section 103**: Prescribes penalties for falsifying a trademark or falsely applying a trademark. The punishment includes imprisonment for a term not less than six months (extendable to three years) and a fine not less than ₹50,000 (extendable to ₹2,00,000).²¹

¹⁸ *Time Incorporated v. Lokesh Srivastava*, (2005) 30 PTC 3 (Del).

¹⁹ *Lifestyle Equities CV v. Amazon Technologies Inc.*, CS(COMM) 443/2020 (Del HC).

²⁰ *Amazon Technologies Inc. v. Lifestyle Equities CV*, FAO(OS)(COMM) 140/2025 (Del HC) (Order dated July 1, 2025).

²¹ *Amazon Technologies Inc. v. Lifestyle Equities CV*, FAO(OS)(COMM) 140/2025 (Del HC) (Order dated July 1, 2025).

- **Section 104:** Penalises the selling of goods or providing services to which a false trademark is applied, carrying similar mandatory minimum sentences.
- **Cognisance: These offences** are cognizable, meaning police can arrest the accused without a warrant (subject to the Section 115 proviso discussed below).
- **Enhanced Penalty (Section 105):** Repeat offenders face stricter mandatory minimum sentences, underscoring the legislative intent to curb habitual counterfeiting syndicates. **1.5.3 Administrative Enforcement: The Section 115 Bottleneck**

While the law provides for police action, Section 115(4) creates a significant procedural hurdle. It empowers police officers (rank of DSP or equivalent) to search and seize infringing goods without a warrant. However, a critical proviso requires the police to obtain the "opinion of the Registrar" regarding the facts of the offence before conducting such a search and seizure.²²

This proviso was intended to prevent police harassment of legitimate businesses. However, in practice, it has become a bottleneck. The delay in obtaining the Registrar's opinion, which can take days or weeks, often gives counterfeiters ample time to remove evidence or shut down operations. In *Sanyo Electric Co vs. State of Delhi*, the Delhi High Court clarified that this proviso applies to *suo motu* police raids but does not restrict a Magistrate from issuing a search warrant under Section 93 of the CrPC without the Registrar's opinion.²³ Despite this clarification, the proviso continues to stifle rapid police enforcement, forcing rights holders to rely on civil "Anton Piller" orders (court-appointed local commissioners) rather than criminal raids.

1.6 The Company Law Interface: Corporate Veil and Director Liability

Trademark infringement often involves corporate defendants, raising the critical question of whether directors and officers can be held personally liable for the company's infringing acts. This interface between the Trade Marks Act and the Companies Act, 2013, is a rapidly evolving area of law where intellectual property rights intersect with the doctrine of limited liability.

²² The Trade Marks Act, 1999, s. 115(4).

²³ *Sanyo Electric Co vs. State of Delhi*, 2011 (45) PTC 222 (Del).

1.6.1 Piercing the Corporate Veil in Infringement Suits

The fundamental principle of corporate law, established in *Salomon v. Salomon*, is that a company is a separate legal entity distinct from its members. This "corporate veil" generally shields directors from personal liability for the company's debts and torts. However, in cases of infringement where the company is a mere sham or "facade" used to facilitate fraud or evade legal obligations, courts will lift the corporate veil.²⁴

Under the Companies Act, 2013, provisions like Section 339 (liability for fraudulent conduct of business) provide a statutory basis for holding directors liable if it is proved that the business of the company has been carried on with the intent to defraud creditors or for any fraudulent purpose. In trademark suits, this is often invoked when a "fly-by-night" operator incorporates a shell company solely to manufacture counterfeits. If the court finds that the company was a mere cloak for the director's personal infringing activities, the director can be held personally liable for damages and costs.²⁵

1.6.2 Director Liability Trends: The *Lifestyle Equities* Divergence

The liability of directors in trademark cases has been interpreted differently in India and the UK. While UK judgments are not binding, they are highly persuasive in Indian IP jurisprudence.

- **The UK Position:** In the recent case of *Lifestyle Equities CV v. Ahmed*, the UK Supreme Court significantly narrowed director liability. The Court ruled that directors are not strictly liable for the company's trademark infringement solely by virtue of their position. To be liable as accessories (joint tortfeasors), they must have actual knowledge of the essential facts that make the act unlawful. Strict liability for infringement does not automatically transfer from the company to the director. The Court held that holding a director liable without knowledge would erode the principle of limited liability.²⁶

²⁴ *Salomon v. Salomon & Co. Ltd.*, AC 22.

²⁵ The Companies Act, 2013, s. 339; *Delhi Development Authority v. Skipper Construction Co.*, (1996) 4 SCC 622.

²⁶ *Lifestyle Equities CV v. Ahmed*, UKSC 17.

- **The Indian Position:** Indian courts have historically been more willing to hold directors liable, especially in small, closely-held private companies where the director is the "controlling mind" and active participant in the business. Courts often apply the principle of "vicarious liability" in criminal cases (under Section 141 of the Negotiable Instruments Act, standards applied analogously). Still, in civil trademark suits, the test is "active involvement."
- **Emerging Indian Standards:** Recent Indian judgments have started to align closer to the *Lifestyle Equities* rationale. The Delhi High Court has clarified that a director cannot be held liable merely for being a director. There must be specific allegations and evidence of their active role, consent, or connivance in the infringement. In *Saffire Foods*, the court refused to hold directors liable absent proof that they used the company as a vehicle for their own tortious acts.²⁷ This trend suggests a heavier evidentiary burden for plaintiffs seeking to hold corporate officers personally liable.

1.7 Critical Analysis: Challenges in the Digital Age

The digital era has expanded the traditional boundaries of trademark law, necessitating novel judicial interpretations to address non-physical infringement and the internet's unique speed.

1.7.1 Digital Dilution and the "Blurring" Gap

Section 29(4) addresses dilution for well-known marks, but the digital ecosystem accelerates "blurring" and "tarnishment" at an unprecedented scale. Social media handles, hashtags, and memes can dilute a famous mark's distinctiveness without a direct commercial sale. For instance, a viral meme associating a luxury brand with a controversial political view may cause significant reputational harm.

Indian law currently lacks a specific statutory provision for "digital dilution" comparable to the US Trademark Dilution Revision Act (TDRA). Section 29(4) requires the use of the mark "in the course of trade," which is difficult to prove in cases of non-commercial social media usage or "gripe sites" (consumer criticism sites). While courts have applied passing-off principles to address domain squatting (*Yahoo! Inc.*), the gap in addressing non-commercial digital blurring

²⁷ *Saffire Foods Pvt. Ltd. v. The Registrar of Companies*, (2025) (Del HC).

remains a critical vulnerability for brand owners.²⁸

1.7.2 Intermediary Liability and Dynamic Injunctions

The most significant innovation in Indian trademark enforcement is the "Dynamic Injunction." To combat the "hydra-headed" nature of digital piracy (where blocked websites reappear under new URLs within hours), Indian courts have moved beyond static blocking orders.

- **Evolution:** Originating in *UTV Software Communication Ltd. v. 1337X.to*, this remedy allows rights holders to extend an injunction to new mirror sites without filing a fresh suit. The plaintiff files an affidavit with the Joint Registrar listing the new URLs, and the blocking order is updated accordingly.²⁹
- **Dynamic+ Injunctions:** In *Star India Pvt. Ltd. v. Magicwin.Games*, the Delhi High Court granted "Dynamic+" injunctions for live sports events. This enables the real-time blocking of rogue websites that stream live content. Recognising that the value of a live broadcast evaporates the moment the match ends, the court empowered the plaintiff to notify ISPs directly to block infringing streams during the broadcast window, bypassing the traditional delays of the legal system.³² This represents a global gold standard in digital enforcement, effectively balancing due process with the exigencies of the digital economy.

1.8 Conclusion: Global Alignment and Enforcement Realities

A sophisticated interplay between rigid statutory rules and flexible common-law principles characterises the legal framework governing trademark infringement and passing off in India. The Act's alignment with TRIPS ensures that India meets global standards for substantive rights, protection of well-known marks, and border measures.

However, a significant dichotomy exists between the "law in books" and the "law in action." While the higher judiciary (High Courts and Supreme Court) has shown remarkable adaptability, extending the concept of "goodwill" to cover transborder reputations and evolving "dynamic injunctions" to secure the enforcement of digital rights at the grassroots level remain

²⁸ *Yahoo! Inc. v. Akash Arora*, (1999) 19 PTC 201 (Del).

²⁹ *UTV Software Communication Ltd. v. 1337X.to*, (2019) 78 PTC 243 (Del).

³² *Star India Pvt. Ltd. v. Magicwin.Games*, 2024 SCC OnLine Del 4386.

challenges. The procedural bottleneck in Section 115(4), which requires the Registrar's opinion for police raids, often renders criminal enforcement toothless against agile counterfeiters.³⁰ Furthermore, the *Toyota Prius* judgment's insistence on territorial goodwill marks a protective/conservative turn, potentially isolating India from the "Universality" trend favoured in jurisdictions such as the UK.³¹

As business models increasingly migrate to the virtual world, the tension between territorial sovereignty (as championed in *Prius*) and the borderless reality of the internet will define the next decade of Indian trademark jurisprudence. The future lies in resolving this tension by balancing the protection of local enterprises with the imperatives of a globally interconnected market, and ensuring that enforcement mechanisms evolve as rapidly as the infringing technologies they seek to curb.

³⁰ The Trade Marks Act, 1999, s. 115(4).

³¹ *Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd.*, (2018) 2 SCC 1.

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Statutes & Legislation

- Code of Criminal Procedure (CrPC) (Section 93)
- Companies Act, 2013 (Section 339)

- Indian Penal Code (IPC) (Section 420)
- Information Technology Act (IT Act) (Sections 66C, 66D)
- Negotiable Instruments Act (Section 141)
- Trade Marks Act, 1999 (Sections 2, 12, 27, 28, 29, 30, 33, 34, 35, 103-105, 115, 135)
- Trade and Merchandise Marks Act, 1958
- Trademark Dilution Revision Act (TDRA) (United States)

International Agreements

- Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (Article 16(3))