TERRITORIALITY VS UNIVERSALITY: THE EVOLUTION OF TRANS-BORDER REPUTATION OF TRADEMARK IN INDIA

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ABSTARCT

This article explores the changing judicial perspective towards the notion of trans-border reputation in Indian trademark law, with particular emphasis on the contrasting legal concepts of territoriality and universality. Historically, trademark rights have been regulated according to the territorial principle, assuring legal protection to the area where the mark is registered or being used. The rise of globalisation and online marketing has gradually challenged this viewpoint, leading to the recognition of international goodwill. In a comparative review of two seminal cases N.R. Dongre v. Whirlpool Corporation and Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd., this article looks at the way Indian courts have recognized protecting foreign trademarks with no or minimal physical presence in the nation.

While the ruling in the case of Whirlpool Corporation. was in the direction of upholding trans-border reputation based on extensive advertisement and reputation, the Prius rulig went back to the territoriality principle, demanding tangible proof of reputation in the Indian market. This contradiction of verdicts of courts indeed brings out the larger inconsistency in Indian law in weighing the interests of protection extended to internationally well-known brands vis-à-vis an Indian businesses. The article concludes with a call for a harmonized and transparent legal environment that accepts modern commerce realities and ensures level playing field competition in the Indian market.

Keywords: Trans-Border Reputation, Trademarks, Principle of Universality, Principle of Territoriality, Prius Case

I. Introduction

A trademark is any such mark that identifies the holder as the owner of the products or services and shows that they belong to them. It can be a name, logo, or phrase associated with a company or product of a person or organisation. Through consistent and prolonged use of the Trademark in market practices, the mark becomes familiar to the general public, who immediately associate it with the specific products and services it stands for, and hence, the marks develop a distinct reputation linked to the products or services it represents. A trademark typically enjoys such reputation or protection as per the laws of the jurisdiction in which it is registered. This is in consonance with the "Territorial Principle." Nonetheless, with the emergence of technology and globalization, the safeguarding of trademarks is no longer confined to the area where it is registered. As a result, the Principle of "Trans-border Reputation" or "Spill over Reputation" has come into play. This idea of a global or trans-border reputation helps maintain the status of any prominent brand across different nations.

II. Trans-border Reputation of Trademarks

When a brand's reputation or standing extends beyond its place of origin through imports or ads to other nations where it would not be used, this is known as trans-border trademark reputation. Simply put, it means that if the brand has acquired goodwill and reputation in that country, passing off can be prevented, even when the goods are not locally available in the foreign country and the trademark is unregistered there. This is so because passing off is the common law remedy for security of goodwill based on the doctrine of universality that states that wherever a trademark's reputation goes beyond the geographical confines of the country in which it is domiciled and is established as well known in other countries, it ought to receive protection in all those jurisdictions thereof. The courts recognised this concept in the well-known case of N R Dongre v. Whirlpool Corporation.[1]

The case involves a legal battle between Whirlpool Corporation and N.R Dongre over the mark "Whirlpool". Whirlpool Corp. said that it was the original owner of the mark and that it was a globally recognised brand. While the trademark registration of Whirlpool Corp. in India was not renewed, N.R. Dongre & Others, during this time, managed to secure the registration of the mark "Whirlpool" in India. Despite this, Whirlpool Corp. continuously advertised its goods in

[1] N R Dongre v. Whirlpool Corporation, 1996 (16) PTC 583.

India and thereby challenged the defendants' trademark registration. However, the Assistant Registrar rejected the opposition and approved the registration for N.R. Dongre and others. In a passing off lawsuit, the court considered whether Whirlpool was a recognized mark and had gained a cross-border reputation. According to the court, the trademark "Whirlpool" had become well-known in India and had built a solid standing and goodwill. The Court noted that the petitioner extensively utilised the trademark before the respondent's use since the 20th century, substantiated by publications featuring Whirlpool Corp.'s advertisements to demonstrate the presence of its use.[2] Hence, as a result of this verdict, the principle of Universality was established firmly.

III. Redefining Trans-border Reputation of Trademarks

The universality principle continued to prevail in India until the renowned Prius case decision in 2017, which changed the course and, in turn, the method used to evaluate trans-border reputation. The case involves a legal battle between Toyota, a renowned Japanese automobile manufacturing Company, and Prius Auto Industries Ltd involving Trademark infringement of the mark “Prius”. The plaintiffs launched a car model named "Prius" and, in the late 1990s, registered the term as a trademark in a number of nations. Conversely, the Defendants obtained the trademark “Prius” in 2002. The Supreme Court relied on the Territoriality principle, asserting that the global reputation of a foreign mark alone is insufficient to demonstrate that the mark has gained significant goodwill in India. There should be adequate proof demonstrating that the trademark's reputation has extended into Indian territory.[3]

In this case specifically, the court believed that, first, it cannot be claimed that the aforementioned product has gained the required goodwill and reputation in the Indian market based solely on advertisements in international business magazines, automobile magazines, and online information. Second, the available evidence further revealed that the product had very little sales in the Indian market and that there had been no advertising before the defendant registered it. Hence, this case was a clear departure from the well-established principle in the case of N R Dongre v. Whirlpool Corporation.

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[2] Poorvika Chandanam, *N.R. Dongre v. Whirlpool Corp*., IP MATTERS (July 25, 2025, 05:30 PM), https://www.theipmatters.com/post/n-r-dongre-v-whirlpool-corp.

[3] Anjeeta Rani, *India's Prius Judgment and Trans-Border Reputation of Trademarks*, IPWATCHDOG (July 26, 2025, 01:30 PM), https://ipwatchdog.com/2021/10/16/indias-prius-judgment-trans-border-reputation-trademarks/id=138788/.

IV. An Analysis of Divergent Judicial Approaches to Trans-border Reputation of Trademarks

Although the protection of international trademarks in India is at the centre of both cases, the verdicts and court rationale are very different. There are clear distinctions between the both decisions in terms of the way the judges evaluated trademark protection and their trans-border standing. The court in the case of Prius ruling used a more focused perspective, stressing the significance of territoriality and local market effect, but the Whirlpool ruling took a broader stance, acknowledging the impact of global reality.

The verdicts of the courts in both cases have significantly influenced contemporary market realities. The Whirlpool case, supported by extensive global advertising, brought promises to overseas organisations by recognising goodwill globally in spite of minimal local presence. This judgment stands as confirmation that a well-known brand with a good reputation internationally can protect its mark in India even in situations where such mark has not been registered. Indian trademark law has thus moved into consonance with international law, especially during the time of globalization. Also, in this context, the judgment was intended to serve as a deterrent to unscrupulous companies intent on exploiting popular trademarks for their benefit so as not to destroy consumer confidence in the already well-established brands.[4]

The Prius ruling has acted as a safeguard against foreign trademarks for the domestic business owners and entrepreneurs. These marks, though having been registered in other nations, presented competition and risk to the native marks, despite lacking any business presence or reputation in the Indian market, relying solely on their global reputation. Hence, it has made sure that international companies that don't have a significant presence in the Indian market don't unjustly surpass local competitors. However, for the international players, this can act as a deterrent from considering an entry into the Indian market. A problem could be the fear that a local entity might have already employed a mark identical or similar to theirs and the hassle of proving local goodwill and reputation in line with the territorial principle.[5]

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[4] Mr Law Officer, *N.R. Dongre and Others v. Whirlpool Corporation and Another (1996)*, MEDIUM, https://medium.com/intellectual-property-laws/n-r-dongre-and-others-v-whirlpool-corporation-and-another-1996-7f8860ee74ec

[5] Sharad Vadehra, Rachana Bishnoi, Daksh Oberoi, *Trans-Border Reputation of Trademarks*, KAN & KRISHME (July 25, 2025, 10:00 PM), https://kankrishme.com/trans-border-reputation-of-trademarks/#:~:text=In%202001%2C%20Prius%20Auto%20Industries,confusion%20in%20the%20Indian%20market

V. Conclusion

The shifting judicial approach regarding the concept of trans-border reputation of marks in India, following the divergent results in N R Dongre v. Whirlpool Corporation and Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd., summarizes the tug between globalization and protecting the interests of local businesses. It becomes all the more difficult to strike a balance between an international brand's worldwide presence and the very territoriality principle enshrined in Indian trademark law, as the two sets of decisions stand in conflict with each other. The shift signaled by the Prius Case brings into focus for international trademark owners the importance of energetically creating and maintaining a reputation in the Indian market rather than relying solely on global popularity. At the same time, it also benefits domestic companies by ensuring equal competition with international competition that does not have a physical presence in India. However, as globalization continues to erode boundaries, Indian trademark law needs to modify to guarantee more accurate standards on trans-border goodwill and should aim to achieve a balanced perspective between territorial rights and complexities of modern trade and brand influence on a global basis.