

## **Legal Issues in ‘Geographical Indications’**

**Issue: Can a Suit of Passing Off Be Instituted in Respect of Unregistered Geographical Indications?**

## Introduction

- ❖ A geographical indication is a sign used on products that has a specific geographic origin and includes the qualities or reputation of that origin. A geographical indication is given mainly to agricultural, natural, manufactured, handicraft arising from a certain geographical area. Geographical indications (G.I.) are one of the forms of IPR which identifies a good as originating in the respective territory of the country, or a region or locality in that particular territory, where a given quality, reputation or other characteristic related to good is essentially attributable to its geographical origin.
- ❖ For getting registration, the indications should fall within the purview of Section 2(1) of Geographical Indication Act, 1999 (“GI Act, 1999”).
- ❖ Remedies against infringement of GI are similar to the remedies available against trademark infringement. These include both civil and criminal remedies.
- ❖ **Civil remedies** include injunction, damages and delivery of the infringement labels and indications containing products.

## Relevant Legal Provisions

### ❖ Section 22, GI Act, 1999 –

*“Infringement or registered geographical indications. (1) A **registered geographical indication** is infringed by a person who, not being an authorised user thereof,—*

*(a) uses such geographical indication by any means in the designations or presentation of goods that indicates or suggests that such goods originate in a geographical area other than the true place of origin of such goods in a manner which misleads the persons as to the geographical origin of such goods; or*

*(b) uses any geographical indication in such manner which constitutes an act of unfair competition **including passing off** in respect of registered geographical indication.” [Emphasis Supplied]*

## Relevant Legal Provisions (Contd.)

### ❖ Section 66 , GI Act, 1999 –

*“Suit for infringement, etc., to be instituted before district court. (1) No suit,—*

*(a) for the infringement of a registered geographical indication; or*

*(b) relating to any right in a registered geographical indication; or*

*(c) for passing of arising out of the use by the defendant of any geographical indication which is identical on with or deceptively similar to the geographical indication relating to the plaintiff, **whether***

*4 **registered or unregistered**, shall be instituted in any court inferior to a district court having jurisdiction to try the suit” [Emphasis Supplied]*

## Relevant Legal Provisions (Contd.)

### ❖ Section 67, GI Act, 1999 –

*“Relief in suit for infringement or for passing off. (1) The relief which a court may grant in any suit for infringement or **for passing off referred to in section 66 includes injunction** (subject to such terms, if any, as the court thinks fit) and at the option of the plaintiff, either damages or account of profits, together with or without any order for the delivery-up of the infringing labels and indications for destruction or erasure.” [Emphasis Supplied]*

## The Remedy Against Passing Off

- ❖ The GI Act specifies that nothing in this Act “shall” be deemed to affect rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof (Section 20(2)).
- ❖ The principle of passing-off states that no one is entitled to pass-off their goods as those of another. The principal purpose of an action against passing off is therefore, to protect the name, reputation and goodwill of traders or producers against any unfair attempt to free ride on them.
- ❖ Though, India, like many other common law countries, does not have a statute specifically dealing with unfair competition, most of such acts of unfair competition can be prevented by way of action against passing-off.
- ❖ Article 24.3 of TRIPS clearly states that in implementing the TRIPS provisions on GIs, a Member is not required to diminish the protection of GIs that existed in that Member immediately prior to the date of entry. This flexibility has been utilised by India in the GI Act (Section 20(2)) in maintaining the right of action against passing-off, which has been a part of the common law tradition of India, even prior to the advent of the TRIPS Agreement.
- ❖ As discussed before, suit can be instituted as per Section 66 and 67 in order to seek remedy against passing-off.

## Relevant Case Laws - Allowing Remedy Against Passing Off

- ❖ *Scotch Whisky Association v. Pravara Sahakar Karkhana Ltd.*, [AIR 1992 Bom 294]
  - The plaintiff Scotch Whisky Association, instituted the passing off action against the defendants- a manufacturer of various brands of Indian Whisky like blended scotch whisky or Blended with Scotch' under various brand names, Drum Beater and God Tycoon. Bombay High Court held:
    - “*The Plaintiff had sufficient interest to prevent passing off of Indian Whisky manufactured by the defendant and to prevent damage to reputation and goodwill of Scotch whisky. The defendants were passing off their goods as blended Scotch whisky which they were not. The case therefore merited interim injunction.*”

## Relevant Case Laws - Allowing Remedy Against Passing Off (Contd.)

### ❖ *Scotch Whisky Association v. Golden Bottling* [2006 (32) PTC 656 (Del.)]

- SWA filed a case against Golden Bottling Limited for manufacturing a “Red Scot” whisky. The SWA alleged that the name of the whisky gave the consumers the impression that the whisky originated in Scotland and that it was in fact the real Scotch Whisky.
- “Section 20(1) of the Act prohibits any person from instituting any proceedings to prevent or to recover damages for the infringement of an unregistered geographical indication. However, this does not affect the rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof [Section 20(2)]. Learned counsel for the Plaintiffs also drew my attention to Section 67 of the Act which empowers a Court, *inter alia*, to grant either damages or account of profits.”



## Relevant Case Laws - Refusing Remedy Against Passing Off

❖ *Khoday Distilleries Limited (Khoday India Limited) v. The Scotch Whisky Association and Ors.* [2008 (37) PTC 413 (SC)]

- Khoday India Ltd (KIL) started producing ‘Peter Scot’ whisky in 1968 and got the trademark registered in 1974. After 13 years, the Scotch Whisky Distillers Association (SWDA), an industry body of distillers, blenders and exporters of Scotch whisky, moved the Assistant Registrar Trademarks for cancellation of the registered trademark ‘Peter Scot’ on the ground of its deceptive similarity to a foreign mark (Scotch whisky). The Supreme Court held in favour of KIL’s right to continue being the registered proprietor of the “Peter Scot” mark.

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- *“In the present case, we are concerned with the class of buyer who supposed to know the value of money, the quality and content of Scotch Whisky. They are supposed to be aware of the difference of the process of manufacture, the place of manufacture and their origin.*

## Relevant Case Laws - Refusing Remedy Against Passing Off (Contd.)

### ❖ *Tea Board India v. ITC Ltd.* [2011 (48) PTC 169 (Cal)]

- *“Passing-off as in Section 20(2) of the GI Act has to be seen in the light of what it implies in trade mark law. As to whether any goods or services are passed off as some other goods or services would depend on a variety of factors ranging from the nature of the marks, their resemblance, the nature of the goods and services, the similarity of the character of the goods and services, the mode of accessing the goods or services and other surrounding circumstances.”*
- It was noted in this case that GI Act, 1999 came into force on September 15, 2003 and thus, the Defendant who established its business on January 1, 2003, and using the service mark under the name of “DARJEELING LOUNGE” at ITC Hotel at Kolkata since then cannot be said to have committed any infringement because Defendant’s business of Lounge exclusively provided refreshment services which were not related to goods and distinction to draw with, and as the Plaintiff’s right only conferred was related to the registration of the word Darjeeling in relation to tea.

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## Observations

- ❖ There are not a lot of cases regarding the issue, hence the ambiguity.
- ❖ The SWA cases have also witnessed contradictory orders. In 2015, the matter against Oasis Distilleries prompted the court to reflect on the issue, however, it was settled outside.
- ❖ In the Golden Bottling case, the court allowed an injunction against passing off despite the absence of registration of Scotch Whiskey as GI in India. While in the Khoday Distilleries case, the court did not allow such an injunction, the premise for allowing the use of the mark **was not the absence of registration alone**. Court also factored on the delay/acquiescence on the part of SWA i.e., although SWA had knowledge about registration of the ‘Peter Scot’ trademark as early as September 1974, it waited for more than 12 years to move the Registrar for deletion of the said mark. The judge held that *“We, therefore, in the peculiar facts and circumstances of this case, are of the opinion that action of the respondents is barred under the principles of acquiescence and/ or waiver.”*

## Conclusion

- ❖ In the first two cases, courts, in absence of registration as a GI in India by the plaintiff, allowed remedies against passing off.
- ❖ In the latter two cases, courts factored the coming of the Act into effect and as noted above, Section 26 of the Act protects trademarks which had been acquired through use in good faith prior to the coming into force of the GI Act or the date of filing of the GI application in question.
- ❖ Hence, the threshold to seek remedy against passing-off is implied to be registration by the plaintiff, despite the law allowing the remedy even in absence of registration, since good faith and prior registration/ use by the defendant remain valid defenses.
- 12 ❖ However, given that the right to commercial exploitation forms the very basis of intellectual property, should the good faith of the defendant and prior registration of their mark be the basis of allowing remedy against passing-off?

# THANK YOU!

## Questions?

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