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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
% **Judgment reserved on: 26 September 2023**
Judgment pronounced on: 30 November 2023

+ FAO(OS) (COMM) 45/2023, CM APPL. 11380/2023 & CM APPL. 20183/2023

BOLT TECHNOLOGY OU Appellant

Through: Mr. Amit Sibal, Sr. Adv. with Ms. Swathi Sukumar, Mr. Essenesse Obam, Ms. Ayesha Guha Thakurta, Mr. Ritik Raghuvanshi, Mr. PratyushRao, Mr. Rishav and Ms. Amira Dhawan, Advs.

versus

UJOY TECHNOLOGY PRIVATE LIMITED & ANR.

..... Respondents

Through: Mr. Darpan Wadhwa, Sr. Adv. with Mr. Amit Agrawal, Mr. Satyajit Sarna, Mr. Rahul Kukreja, Ms. Sana Jain, Ms. Radhika Yadav and Ms. Reea Mehta, Advs.

CORAM:

HON'BLE MR. JUSTICE YASHWANT VARMA

HON'BLE MR. JUSTICE DHARMESH SHARMA

JUDGMENT

YASHWANT VARMA, J.

1. Aggrieved by the denial of an ad interim injunction by the learned Single Judge in terms of the impugned judgment dated 24 February 2023, the plaintiff has instituted the present appeal.



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2. The suit itself had been preferred alleging passing off of the trade name “BOLT” by the defendants. Along with the suit, an application for grant of ad interim relief was also moved. It is the said application which has come to be rejected by the learned Single Judge leading to the filing of the instant appeal. For the purposes of evaluating the challenge as addressed in this appeal, it would be appropriate to notice the following essential facts.

3. The appellant formerly known as Taxify OU was incorporated in Estonia as a taxi aggregator purporting to provide ride-hailing services to customers in Tallinn, Estonia and Riga, Latvia. The services were commercially launched in August 2013. The plaintiff/appellant is stated to have extended its operations globally in 2014. This led to its services being made available in over 45 countries in Europe, Africa, West Asia, South America and Latin America. In 2018, the appellant adopted the brand name “BOLT” while in connection with the provisioning of services relating to ride-hailing, food and grocery delivery, rental of cars, e-bikes and scooters as well as electric vehicles.

4. The plaintiff claims to have earned revenues from the use of its trademark “BOLT” to the tune of €80 million in 2018, €148 million in 2019, €221 million in 2020 and €500 million in 2021. It is also its case that it had expended an amount of approximately €61 million in 2021 while advertising its brand and undertaking promotional activities. The mark itself has obtained registrations in 92 jurisdictions worldwide.



5. Before the learned Single Judge, the appellant has referred to two articles appearing in the CNBC in its editions dated 02 April 2019 and 10 June 2019 alluding to the launch of its services in Madrid following a rollout in Paris in the previous year as well as in London.

6. Insofar as **Electric Vehicle**¹ charging stations are concerned and which appears to have formed the focal point of the proceedings which ensued before the learned Single Judge, the appellant is stated to have introduced the said service sometime in October 2021 in Tallin, Estonia.

7. In order to buttress its claim for the grant of ad interim reliefs, the appellant also referred to advertising campaigns which were launched in February 2020 cutting across various cities in India including Ahmedabad, Pune, Surat, Chennai and Kolkata on its mobile app and which is stated to have touched over 30 lakh customers in India.

8. The first respondent came to be incorporated in February 2020. The respondent placed reliance on numerous public posts appearing on social media platforms in October 2020 announcing the impending launch of its EV charging network under the brand “REVOS Bolt” followed by various other public posts on 16 October 2020 explaining in some detail the features relating to its BOLT EV chargers. They also refer to various invoices of November 2020 showing sale of its BOLT chargers. On 14 July 2021, the respondent obtained registration

¹ EV



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of its domain name www.bolt.earth. This was followed by applications made before the Trademark Registry on 30 August 2021 for the trade name “Bolt” both as a word as well as a device in Class 42. A **First Examination Report**² came to be generated in that respect on 21 September 2021 when the Registrar brought to the attention of the respondent the existence of marks such as US BOLT, GO BOLT, MONARCH BOLT, BOLT SUPPORT KE LIMITED.

9. The respondents are stated to have responded to the FER in terms of a communication dated 07 October 2021 asserting that the cited marks would not detract from their right to seek registration of the Bolt trademark/ trade name as well as the device mark which had been applied for.

10. On the record appears a blog article dated 13 October 2021 speaking of the appellant introducing scooter charging docks on the streets of Tallinn. Insofar as the launch of charging docks are concerned, the appellant appears to have addressed the following submissions. The appellant asserts that its charging docks were launched commercially in October 2021. The said service was initially launched in Tallinn with the establishment of 9 charging stations. The launch is stated to have gained a large traction in the media across Estonia. As would be evident from one of the news articles which appears at page 1223 of the record, the appellant is stated to have commenced providing the service of EV charging docks as a pilot

² FER



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project in Tallinn and with the avowed intent to expand the same to other European countries.

11. On 09 December 2021, the respondent obtained a domain name registration in respect of www.boltevcharging.com. Upon coming across various articles in respect of the EV charging stations having been launched using the trade name “BOLT”, on or about March 2022, the appellant is stated to have issued a cease and desist notice upon the respondent on 24 May 2022.

12. The aforesaid notice appears to have been prompted by an article which appeared in the Business Standard on 24 March 2022 and which referred to the establishment of 10,000 EV charging points across cities in India by the respondent. It is thereafter and consequent to the respondent failing to desist from the usage of the Trademark “BOLT” that the suit came to be instituted on 23 November 2022.

13. For the purposes of establishing reputation and goodwill across the globe, the appellant appears to have addressed the following contentions.

14. It was firstly averred that its goods and services are available in over 400 cities across 45 countries in Europe, Africa, West Asia, South America and Latin America. It was asserted that it has over 100 million customers globally. It also spoke of 2.5 million drivers engaged by it offering rides over the BOLT platform. In terms of the averments made in the plaint, the appellant described itself as a global market leader in transportation, offering a wide bouquet of services



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which included providing vehicles for hire, micro-mobility, car sharing, EV charging stations and docks and food and grocery delivery services. Insofar as its presence across social media platforms is concerned, the stand of the appellant came to be captured by the learned Single Judge as follows: -

“7. The plaintiff operates a website <https://bolt.eu/>. It also has accounts on (i) Facebook with 1,707,969 likes and 1,711,954 followers, (ii) LinkedIn with 157,979 followers, (iii) Instagram with around 92,900 followers, (iv) Twitter with around 44,800 followers and (v) TikTok with around 28,300 followers and, 3,82,400 likes. The plaintiff also trades through a mobile application titled “BOLT”, available on Apple’s App Store and Google’s Play Store. The plaintiff asserts that, as on August 2022, the BOLT mobile app had invited approximately 96,100 reviews on the App Store of Apple and 28,70,000 reviews on Google’s Play Store. The App is downloadable in India. The plaintiff asserts that users in India have downloaded the app at least 2 lakh times.”

15. To buttress the claim of reputation and goodwill spanning various nations across the globe, the appellant also appears to have relied upon the following news articles and which were noticed by the learned Single Judge as under: -

“10. To emphasise the reputation and goodwill that her client commands, Ms. Sukumar has drawn my attention to the following articles, published in CNBC and the Economic Times:

CNBC

“Europe’s answer to Uber expands into the electric scooter scene in Madrid

- Bolt, formerly known as Taxify, is launching its electric kick scooter-sharing service in Madrid.
- The move marks another stepping stone in the start-up’s move toward new mobility options beyond car-hailing.
- The Estonia-based company is seeking to raise an additional round of funding from investors.



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It's a phenomenon that's seen wild popularity – and infamy – in some U.S. cities. Now, the electric scooter craze looks set to gain further ground in Europe.

Estonian ride-hailing firm Bolt, formerly known as Taxify, is launching its electric kick scooter-sharing service in Madrid, following a rollout last year in Paris.

Rides in the Spanish capital will cost 15 cents a minute, on top of a 1 euro minimum charge. Customers need to scan a QR code to unlock the scooters and can leave them on the street once a trip is complete.

“Beating the traffic is a big issue in cities like Madrid and a lot of trips are much more efficiently covered with an electric scooter rather than a car with a driver.” Bolt co-founder and CEO Markus Villig said in a statement.

“By bringing Bolt scooters to Madrid, we’re solving two things at once; reducing car rides as well as saving time and money for our customers.”

The move marks another stepping stone in the start-up’s drive toward new mobility options beyond car-hailing. It recently went through rebranding, changing its name to Bolt, which is the same name it used for the Paris scooter service.

It also mirrors Uber’s aim to become a one-stop shop for mobility. The ride-hailing giant made its own push into the e-scooter market last year following the acquisition of bike – Bolt is also looking to branch out into another key area for Uber – food delivery. It recently announced plans to launch a competitor to Uber Eats in Estonia, Finland and South Africa this summer.

As it pushes toward a renewed focus on growth, Bolt is seeking to raise an additional round of funding from investors. It recently hired a new finance chief, former Spotify SPOT executive Johan Bergqvist, who will be tasked with overseeing fundraising efforts at the firm.

The company hasn’t disclosed how much it’s looking to raise, nor who the investors will be. Bolt’s last big investment – which it secured last year when it was still known as Taxify – saw it raise \$175 million at a \$1 billion valuation.

The company is backed by Chinese ride-hailing giant Didi Chuxing and German automaker Daimler DAI-DE, which itself owns a taxi hire application called My Taxi.

E-scooter craze



The dockless e-scooter market has seen massive interest from investors, with serious cash being pumped into the likes of Lime and Bird.

Lime recently closed a \$310 million funding deal that values the firm at \$2.4 billion, while Bird last year raised \$300 million at a \$2 billion valuation – the latter is also reportedly in talks to raise a further \$300 million.

But the battery-powered devices have seen some regulatory pushback in a number of cities, amid complaints that they are being ridden illegally on sidewalks and dumped in inappropriate places.

San Francisco temporarily banned them last year, before granting permits to some start-ups in the space to let them resume operations. But Lime, Bird and Uber were refused licenses by the local authority.

Madrid and Paris, meanwhile, banned e-scooters from sidewalks last year, while Spain's capital also banned three operators, including Lime, for failing to comply with its rules. Madrid's city hall later restored Lime's ability to operate, while Bolt and Jump were also granted permits.

KEY POINTS

- Estonian ride-hailing start-up Bolt has raised \$713 million in fresh funding to push into the rapidly growing online grocery delivery industry.
- The new investment round values Bolt at about \$4.75 billion, more than double its last private valuation of \$2 billion.
- The Uber rival is branching out into new services like food delivery, electric scooter and bike rentals in a bid to become a “super app.”

Economic Times

“Bolt, a rival of Uber's ride-sharing and food delivery business, last raised funding in August at a valuation of more than €4 billion.

The company also offers electric scooter rentals, car-sharing and a 15-minute grocery delivery service, catering to over 100 million customers in 45 countries and over 400 cities across Europe and Africa.

“We are expanding all the five product lines extremely quickly, developing product R&D and rolling out in new cities,” chief executive Markus Villig told Reuters in an interview.



While Uber is the biggest rival for ride-hailing, Bolt faces competitors in food delivery including Just Eat Takeaway.com and DoorDash, which entered Europe via a \$8 billion purchase of Wolt.

To gain customers, platforms often offer discounts leading to price wars in some markets.

"In many cases, we have been the driving force that actually lowers prices for consumers, so from day one, we were really focused on being frugal," Villig said.

"We have been offering substantially lower prices than anybody else in the industry ... we expect this to continue."

Economic Times

"Uber rival Bolt raises \$711 million at valuation of over \$8 billion

Synopsis

While Uber is the biggest rival for ride-hailing, Bolt faces competitors in food delivery including Just Eat Takeaway.com and DoorDash, which entered Europe via a \$8 billion purchase of Wolt.



Stockholm: Estonian startup Bolt said on Tuesday it had raised €628 million (\$711.40 million) from investors led by Sequoia Capital and Fidelity Management and Research Co, taking its valuation to €7.4 billion (\$8.38 billion)."

16. Controverting the submissions which were addressed on facts, the respondents asserted that the appellant was essentially engaged in the business of taxi ride-hailing and that its extension into the arena of EV charging docks was restricted to only a few countries and, in any



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case, could not be regarded as being substantial so as to satisfy the tests as enunciated in relation to transborder or worldwide reputation. It was further urged by the respondents that the EV charging docks which were ultimately installed by the appellant themselves appeared to be restricted to the charging of its own electric scooters.

17. The respondents further averred that it has been acknowledged by the appellant that the respondent was incorporated in February 2020 and that notwithstanding the extension of EV charging dock services, at least till February 2020 and as per the own showing of the appellant it did not have a single EV charging point even for its own scooters anywhere in the world.

18. The defendant while asserting the right of prior use and adoption had referred to the following salient facts which stand encapsulated in paragraph 21 of the impugned judgment: -

“21. Mr Lall further submits that, in para 26 of the plaint, the Plaintiff has acknowledged that the defendant was “incorporated in India in February 2020 and carries on the business, *inter alia*, of charging points for Electric Vehicles (EVs).” In February 2020, submits Mr Lall, the plaintiff did not have a single EV charging point, even for its own scooters, anywhere in the world. Thus, he submits, the defendant enjoys priority of user vis-à-vis the plaintiff even in respect of EV charging stations. Though the defendant had applied for registration of its and trade marks on 30th August 2021 on “proposed to be used” basis, Mr Lall submits that, as

- (i) since 2018, Defendant 2 had adopted the mark ‘BOLT’ for EV chargers,
- (ii) by 2nd October 2020, Defendant 2 had introduced ‘BOLT’ to the public at large by uploading public posts on social media platforms like YouTube and Instagram,



(iii) on 16th October 2020, Defendant 2 uploaded yet another public post revealing further features of its BOLT EV chargers,

(iv) as such, when Defendant 2 had conceptualized and adopted 'BOLT', the plaintiff had not even been rebranded as 'BOLT', and

(v) even if, therefore, it were to be assumed that the plaintiff had introduced 'BOLT' charging docks on 13th October 2021, the plaintiff had priority of user dating back to 2nd October 2020.

Mr Lall referred me to screenshots of the relevant social media posts of the defendant, which vouchsafe these assertions."

The respondent thus claimed that it was the first in the market insofar as EV charging stations are concerned and thus no injunction being liable to be granted.

19. Controverting the assertions with respect to transborder reputation, the respondent averred before the learned Single Judge that for the purposes of maintaining an action based on the principles of passing off, it was imperative for the appellant to have established that it had a goodwill and reputation in India. It was submitted in this respect that the appellant had woefully failed to establish a significant presence in India, a sizable consumer base and that even the cited newspaper articles did not establish a ubiquitous presence and use of the trademark in India.

20. While dealing with the issue of transborder reputation, the learned Single judge has come to record the following conclusions:-

“36. Passing off and trans border reputation

36.1 Where the plaintiff is dealing in goods or providing services, under its mark, within the territory in which the defendant is alleged to have, by adopting a deceptively similar mark, passed



off its goods or services as those of the plaintiff, identification of whether the necessary ingredients of passing off do, or do not, exist, is a simpler exercise. Where, however, as in the present case, the plaintiff has no business, whatsoever, in India, matters become complex. Passing off being a tort of capitalization, by the defendant, of the goodwill and reputation earned by the plaintiff, it has to be established that the plaintiff *has* goodwill and reputation in India.

36.2 Here again, where the plaintiff, though situated abroad, carries on business within the territory of India, or has some business exposure within India, the exercise of examining whether the plaintiff has the requisite goodwill or reputation in India is simplified. We are, however, faced with a situation in which, admittedly, the plaintiff carries on no commercial activity, whatsoever, within the territory of India. The activities in which the plaintiff is engaged are not, even to the most infinitesimal degree, carried out within Indian borders.

36.3 Even in such a situation, however, the possibility of the defendant, situated in India, passing off its goods and services as those of the plaintiff is not entirely ruled out, for the simple reason that the plaintiff, even if situated and carrying out its business activities abroad, may, at any time, decide to expand, or diversify, to India. A consumer of average intelligence and imperfect recollection, who comes across the defendant operating under the mark of the foreign plaintiff, or under a deceptively similar mark, may well presume that the defendant has decided to enter the Indian commercial firmament. Were this to be established, the defendant might still be found guilty of passing off its goods or services as those of the plaintiff, though the plaintiff is entirely situated abroad and has, till date, no commercial existence in India.

36.4 By plain logic, however, in such a case, the plaintiff would have to show that its goodwill and reputation, though garnered abroad, is so considerable that it has *spilled over* to India. In other words, the plaintiff would have to establish (i) that it has trans-border reputation, i.e. reputation which extends beyond the regions in which it has commercial existence, (ii) that the trans border reputation has extended to India and (iii) that the “spillage” is so considerable as to confuse or deceive a customer of average intelligence and imperfect recollection into believing that the goods or services of the defendant are those of the plaintiff.”



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21. After exhaustively referring to the various decisions rendered on that subject, the learned Single Judge culled out the following principles as constituting the determinative criteria for the purposes of answering the question of cross border reputation:-

“36.8.7 Several important principles emerge from these passages, which may be enumerated as under:

- (i) The territoriality principle applies; not the universality doctrine. Existence of goodwill and reputation has, therefore, to be shown to exist *in India*. Universal or worldwide goodwill and reputation, *sans* any evidence of territorial goodwill and reputation, is not sufficient.
- (ii) Mere reputation is not enough. The claimant/plaintiff must show that it has significant goodwill.
- (iii) The actual existence of an office of the plaintiff in the country of the defendant is not necessary.
- (iv) However, the claimant must have customers within the country of the defendant, as opposed to persons in the defendant's country who are customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for the claimant to show that there are people in the defendant's country who happen to be its customers when they are abroad.
- (vi) However, it would be enough if the claimant could show that there were people in the defendant's country who, *by booking with, or purchasing from an entity in the defendant's country*, obtained the right to receive the claimant's service abroad. The person from whom such booking or purchase took place could be the claimant, or its branch office, or someone acting for or on behalf of the claimant.
- (vii) The claimant must be “present through its mark in the territorial jurisdiction” of the country of the defendant, though the existence of a “real market” was not necessary.
- (viii) Such presence could, for instance, be shown by extensive advertisements which had been circulated and seen, or read, in the country of the defendant.



(ix) Once the existence of trans border reputation and goodwill was thus established, the claimant was not required, further, to prove the existence of actual confusion. The likelihood of the customer of average intelligence and imperfect recollection being confused, by the use of the impugned mark of the defendant, that the goods or services of the defendant were those of the claimant-plaintiff, was sufficient.”

22. Proceeding to deal with the merits of the claim as laid by the plaintiff on facts, the learned Single Judge has ultimately recorded the following findings: -

“37. Applying the above principles

37.1 Applying these principles to the facts of the present case, I am unable to hold the plaintiff entitled to injunctive relief, against the defendant, as sought. The plaintiff has not, in my opinion – despite the commendable efforts of Ms Sukumar to convince me otherwise – been able to cross the ***Toyota***⁵ trans-border threshold of goodwill and reputation. I say so, for the following reasons:

(i) In support of her contention that the plaintiff’s trans border reputation had spilled over into India, Ms Sukumar cited

- (a) articles in the CNBC and the Economic Times,
- (b) the downloading, by Indian users, of the plaintiff’s mobile App 2 lakh times, and
- (c) the results of a survey conducted among drivers in Ahmedabad, Pune, Surat, Chennai and Kolkata, which disclosed the number of times the plaintiff’s website was accessed by them.

(ii) The CNBC article (reproduced in para 10 *supra*) reported that

- (a) the plaintiff was launching *its electric kick scooter-sharing service* in Madrid, following a roll-out the previous year in Paris,
- (b) this marked a stepping stone in the plaintiff’s move towards *new mobility options besides car hailing*,
- (c) *the electric scooter craze* looked set to gain further ground in Europe,



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(d) the plaintiff was promoting the advantages of electric scooters as a viable option to beat traffic, when compared to cars,

(e) the plaintiff was also seeking to *branch out into food delivery, electric scooter and bike rentals, so as to become a “super app”*,

(f) for these expansions, the plaintiff was inviting investments from investors, and

(g) the plaintiff was backed by the Chinese and German “giants” Didi Chuxing and Daimler DAI-DE, which itself owned a taxi hire application My Taxi.

(iii) The Economic Times article, for its part, reported that

(a) the plaintiff was a rival of Uber’s *ride sharing and food delivery business*,

(b) Bolt also offered *electric scooter rentals, car sharing and a 15-minute grocery delivery service*,

(c) these services catered to 100 million customers in 45 countries and over 400 cities across *Europe and Africa*,

(d) the plaintiff faced competition in food delivery from, *inter alia*, Just Eat, Takeaway.com and DoorDash, which had also largely entered Europe, and

(e) to gain customers, platforms offered attractive discounts, leading to price wars, and the plaintiff claimed to be offering its services at lower prices than others.

(iv) Neither of these articles, therefore, made even an oblique reference to the plaintiff entering the EV charging business. Regarding EV charging as “allied” to electric scooter-sharing services would, in my view, stretching the concept of allied goods and services a notch too far. The import of these articles is clear and obvious. The plaintiff was, till then, engaged in providing taxi hailing services. It had, a year earlier, ventured into the electric scooter sharing field, in Paris. It was seeking to branch out into other cities in Europe and Africa. There is nothing to indicate that it was either engaged in providing EV charging services, or making EV charging points, or intending to do so any time in the



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foreseeable future. More significantly, these articles do not suggest, even obliquely, that the plaintiff was expanding its activities to India or, for that matter, even to Asia. It cannot, therefore, be held, on the basis of these articles, that an average customer in India, who would read them, would believe that the plaintiff was venturing into the Indian market with EV charging solutions.

(v) The defendant had not sought to contend, anywhere, that it was engaged, commercially, in the activity of EV charging stations, or in providing EV charging services. In fact, in para 12 of the plaint, as Mr Chander Lall correctly points out, the plaintiff has acknowledged that “consumers have become accustomed to understanding that the trademark BOLT is a commercial sign of origin *specifically for mobility, transportation and delivery goods and services*”. There is no reference, here, to providing EV charging services.

(vi) The limited reference to EV charging stations installed by the plaintiff³⁴, is of charging docks installed by the plaintiff *in Tallinn and Estonia, with plans to install further docks in Lithuania and Portugal, for charging the plaintiff's electric scooters*. I am, *prima facie*, in agreement with Mr Lall that the mere fact that the plaintiff, otherwise engaged in providing taxi-hailing services and intending to expand into the electric scooter sharing business, was installing charging docks to charge its scooters in Tallinn, Estonia, Lithuania and Portugal, could hardly make out a case even for inferring the existence of trans border reputation, in the plaintiff, in the commercial EV charging segment, much less of permeation of such trans border reputation into India.

(vii) The number of times the plaintiff's App has been downloaded in India, or its website accessed by drivers, cannot, in my *prima facie view*, make out a case of spillover of trans border reputation of the plaintiff, in the EV charging market, into India, even if, *arguendo*, EV charging were to be regarded as an activity allied to electric scooter sharing. *Toyota*⁵ is clear in requiring that, even if the plaintiff has no market in India, it would be required to show that its goods or services were purchased, or availed, by customers in India *through the plaintiff, its branch, or its agents*. The plaintiff's App cannot substitute as an agent of the plaintiff, especially as the App can be downloaded anywhere in the world.

(viii) Equally, *Toyota*⁵ also approves the view, in *Starbucks*¹¹, that the existence of customers in the defendant's country, who would avail the services of the plaintiff abroad, cannot make out a case of permeation of trans border reputation. Ms Sukumar acknowledges



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that, even if persons in India were to download the plaintiff's App, no services of the plaintiff could be availed thereby in India, and that the purpose of such downloading would only be to avail the plaintiff's services abroad. The limited downloading of the plaintiff's App by persons who may be travelling abroad to countries where the plaintiff's services are available cannot, *prima facie*, be regarded as any sign of spillover of the plaintiff's reputation into India, much less in the EV charging arena.

(ix) The "driver survey", to which Ms. Sukumar drew attention, tells us precious little. All that is presented is a tabular statement of drivers in five cities. This statement is supposed to reflect the number of times the plaintiff's website was accessed by the drivers. Whether it does, or not, is anybody's guess; at the very least, it is a matter which would have to suffer trial even for a *prima facie* view to be ventured thereon. Even if it does, the purpose of accessing the website is unknown. Nor can the Court hold that the mere accessing of the plaintiff's website in this fashion justifies a finding, even *prima facie*, of permeation of the reputation of the plaintiff into India, far less in the field of EV charging, which alone the defendant is engaged in.

(x) As in the case of *Toyota*⁵, in the present case too, the evidence and material cited by Ms Sukumar, even view cumulatively, do not constitute sufficient spillover, into India, of the trans border reputation, if any, possessed by the plaintiff with respect to the use of the **Bolt** mark as would justify injuncting the defendant from using the impugned **BOLT** mark for EV charging stations.

(xi) Though Ms Sukumar, in rejoinder, ventured a submission that, even in the absence of spillover of trans border reputation, mere intent, on the part of the plaintiff, to enter the Indian market would be sufficient, the submission cannot, *prima facie*, merit acceptance. It would, moreover, fly directly in the face of the principles enunciated so authoritatively by the Supreme Court in *Toyota*⁵. Passing off is, at all times, a tort the commission of which involves an element of confusion or deception, and the confusion or deception must be suffered by the mythical customer who chances on the defendant's mark. For this, the awareness, by such customer, of the reputation of the plaintiff, is an indispensable *sine qua non*. Intent of the plaintiff to venture into the Indian market space cannot, therefore, substitute the necessity of spillover of trans border reputation.



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(xii) For the same reason, the fact that the plaintiff may have applied for obtaining trade mark registrations in India can have no impact on the issue in controversy. The customer in India is unaware of the number of applications submitted by the plaintiff for registration of its mark.”

It is the aforesaid reasons which ultimately weighed upon the learned Single Judge to deny the prayer for ad interim relief.

23. For the purposes of examining the case that was set out before the learned Single Judge insofar as transborder reputation is concerned, it would be appropriate to refer to the following facts which were placed by the appellant. The appellant had apart from the revenue which was earned by it from its taxi hailing and cognate services had also additionally relied upon certain articles which appeared in Indian publications. Those publications pertained to the ride hailing services being provided by the appellant and of its assertion of slowly emerging as a worthy rival of Uber. The articles also alluded to its foray in the e-scooter market and the large investments which were garnered by it upon entities recognizing it to have achieved a status of significance in the ride sharing industry across the globe.

24. Before the learned Single Judge, the appellant also appears to have referred to the large imprint of its trade name across various social media platforms and additionally relied upon approximately 96,100 reviews of its BOLT mobile app on the Apple App Store and the 28,70,000 reviews on Google's Play Store. It also relied upon the two lakh downloads of its app by users in India.



25. From the note which has been submitted for our consideration, we further find that the appellant is stated to have run advertising campaigns in February, 2020 across various Indian cities including Ahmedabad, Pune, Surat, Chennai and Kolkata on its mobile app targeting over 30 lakh customers in India. The aforesaid campaign which was carried on the appellant's mobile app was spearheaded by the slogan "Bolt ❤️s India".

26. Speaking specifically of EV charging stations, reliance was principally placed on newspaper articles and blog posts which appeared in October 2021 and referred to the establishment of various EV charging stations in Tallinn, Estonia and the intent of the appellant to install similar charging points in Lithuania, Portugal and other European countries. It is, however, significant to note that the charging docks which were launched by the appellant appear to be principally aimed as an attempt to service its electric scooters which were available on a sharing basis.

27. In contrast to the above, the respondent had asserted that it had adopted the mark "BOLT" for EV Chargers way back in 2018. Reliance also appears to have been placed on various posts which appeared on social media platforms such as YouTube and Instagram in October, 2020 evidencing the intent of the respondent of launching its service of charging docks in the near future. The aforesaid posts were followed up by uploads on social media platforms revealing further features of BOLT EV chargers. The respondents thus claimed



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a priority of user dating back to 02 October 2020. They also refer to the establishment of 10,000 EV chargers across 60 Indian cities by 2021.

28. The respondents have also provided details of its charging network which according to them spans hundred cities across India existing at more than 13,000 locations with 2500 charging points existing in the Delhi NCR region alone. The respondent has also referred to the significant revenue expenditure incurred by it in connection with promotion and publication of the brand name “BOLT”, as well as newspaper articles which were carried in leading periodicals in India. It is on the aforesaid factual basis that the case appears to have proceeded before the learned Single Judge.

29. Appearing for the appellant, Mr. Sibal, learned senior counsel addressed the following submissions urged for our consideration. Mr. Sibal firstly referred to the establishment of the appellant company itself way back in 2013 and the adoption of the mark “BOLT” as early as 2018 in connection with electric bikes and scooters. We were informed that as of 2022, the appellant was providing services in 400 cities spread across 45 countries and catering to as many as a 100 million customers. Mr. Sibal laid emphasis on the respondent having applied for trademark registration only on 30 August 2021 on a proposed to be used basis and thus at least two years after the appellant had acquired Unicorn status in 2019. It was also asserted that the respondent had failed to produce any evidence which may



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have established the launch of its EV charging docks under the mark “BOLT” prior to October 2021.

30. According to Mr. Sibal, the learned Single Judge had clearly erred in failing to notice the ubiquitous presence of the appellant across the globe in the mobility and e-scooter sharing industry and which was sufficiently evidenced from the compendious material which had been placed on the record.

31. Mr. Sibal submitted that the appellant had successfully established before the learned Single Judge that the appellant's trademark essentially represented an entity which had established a service which constituted a “one stop shop” for mobility, ride hailing, e- scooters and e bikes. It was urged by Mr. Sibal that the material placed on the record before the learned Judge would indubitably establish that the appellant was the first in the world market insofar as electric vehicles are concerned.

32. According to Mr. Sibal, for the purposes of grant of injunction, it was neither imperative nor incumbent upon the appellant to have established that it was the first in the market with respect to EV chargers. It was his submission that charging docks are allied and cognate services and would go hand in hand with electric vehicles.

33. According to learned senior counsel, the learned Single Judge clearly erred in failing to appreciate that the adoption and use of the mark “BOLT” by the respondent would have a serious impact and cause immense prejudice to the service of EV charging stations as



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provided by the appellant. The submission, in essence, was that charging docks was a service complimentary to the fleet of electric vehicles which are provided by the appellant to its customers across the globe.

34. Mr. Sibal further contended that the learned Single Judge committed a manifest error in failing to notice the well-settled principle that an action for passing off is not liable to be restricted to actions taken up to the date of the proceedings but would also have to be tested having regard to the manner in which the business may be carried on in the future. Mr. Sibal in this regard relied upon the following passage as appearing in the decision of the Supreme Court in **Laxmikant V. Patel v. Chetanbhai Shah**³:-

“8. It is common in trade and business for a trader or a businessman to adopt a name and/or mark under which he would carry on his trade or business. According to Kerly (*Law of Trade Marks and Trade Names*, 12th Edn., para 16.49), the name under which a business trades will almost always be a trade mark (or if the business provides services, a service mark, or both). Independently of questions of trade or service mark, however, the name of a business (a trading business or any other) will normally have attached to it a goodwill that the courts will protect. An action for passing-off will then lie wherever the defendant company's name, or its intended name, is calculated to deceive, and so to divert business from the plaintiff, or to occasion a confusion between the two businesses. If this is not made out there is no case. The ground is not to be limited to the date of the proceedings; the court will have regard to the way in which the business may be carried on in the future, and to its not being carried on precisely as carried on at the date of the proceedings. Where there is probability of confusion in business, an injunction will be granted even though the defendants adopted the name innocently.”

³ (2002) 3 SCC 65



35. Mr. Sibal also sought to draw sustenance from the decision rendered in **Sona Blw Precision Forgings Ltd v. Sonae EV Private Limited**⁴ and which according to him was a binding authority with respect to the EV charging sector constituting a single segment and accepting the principle of allied/cognate goods or services as enunciated by Courts while considering the similarity of goods offered by businesses and the likelihood of confusion.

36. Mr. Sibal laid emphasis on the following observations as appearing in that decision: -

“31. Whether the goods offered by the plaintiff and the defendant are similar: It is the contention of the defendant that the products in which the plaintiff and the defendant deal are distinct, the consumers are not similar and there is no likelihood of there being any confusion or deception being caused by the use of the impugned mark by the defendant. However, it is not denied by the defendant that the plaintiff is manufacturing/selling/dealing in the components of electric vehicles, including the electric motors/controllers, and starters etc. for use in all passengers and commercial vehicles, including EV. This Court, in FDC Limited v. Docusuggest Healthcare, 2017 SCC OnLine Del 6381 has considered in detail the concept of ‘allied/cognate goods or services’, and has held as follows:

“51. Allied/cognate goods or services, as understood from the material referred to below, are those goods/services which are not identical, but can be said to be related or similar in nature (See McCarthy on Trademarks and Unfair Competition, Fourth Edition, Vol 5). The Shorter Oxford English Dictionary on Historical Principles Fifth Edition 2002, Vol. 1. defines the term “Allied” as “connected by nature or qualities; having affinity” and the term “Cognate” as “akin in origin, nature or quality”. Reference may also be made to New Webster’s Dictionary and Thesaurus of the English Language, 1992 which defines “Allied” as “relating in subject or kind” and “Cognate” as “1. adj. having a

⁴ 2022 SCC OnLine Del 2321



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common ancestor or origin (of languages or words) having a common source or root (of subjects etc.) related, naturally grouped together.”. Cognate goods/services can be described, *inter alia*, as goods or services which have a trade connection - as in glucose and biscuits (See *Corn Products Refining Co. v. Shangrila Food Products Ltd.*, AIR 1960 SC 142) or which are intended for the same class of customers - as in television picture tubes (parts thereof, video tapes and cassettes and television tuners etc.) and televisions, tuners and TV Kits (See *Prakash Industries Ltd. v. Rajan Enterprises* (1994) 14 PTC 31), or are complementary to each other - as in toothbrushes and toothpaste (See *HM Sariya v. Ajanta India Ltd.* (2006) 33 PTC 4).

xxxx

53. Now, to determine whether the defendants' services are allied and cognate to plaintiffs goods, it is essential to first discuss the law on similarity in goods/services in trademarks and its development so far. While the Act is silent on the factors to be considered for similarity in goods/services, the Courts in India - relying upon international cases and literature, have consolidated the guiding principles and factors found relevant in ascertaining the similarity between goods/services. They are as follows:

1. In *Assam Roofing Ltd. v. JSB Cement LLP* 2015 SCC OnLine Cal 6581, the learned Single Judge in Para 80 observes- “**The test of similarity of goods is looked at from a business and commercial point of view. The nature and composition of the goods, the respective uses of the articles and the trade channels through which they are brought and sold all go into consideration in this context**”.

(emphasis supplied)

2. In *Kerly's Law of Trade Marks and Trade Names*, 15 Edition 2011, the learned Author in Para 9-073 has stated as under:—

“As para.23 of the decision in *Canon v. MQM* (1999) R.P.C. 117 makes clear, all factors relating to the goods or services themselves must be taken into account. **These include, *inter alia*, their nature, their intended purpose, their method of use and whether they are in competition with each other or are complementary.** It is clear that goods in different classes may nevertheless be considered



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similar, and likewise that goods or services within the same class may be found to not be similar."

(emphasis supplied)

3. In Para 9-075, the Learned Author has mentioned some illustrations on similar goods or services including under Para 9-078 "Services offered by beauty salons; solarium services" similar to "business assistance with beauty preparations, sales" and "beauty preparations, perfumery, cosmetics dietetic substances". The said illustration sources from the case of *Beauty Shop Application v. Opposition of Evora BV* [1999] E.T.M.R. 20, wherein the Office for Harmonization in the Internal Market (Trade Marks and Designs) also known as the Opposition Division held the defendant's services to be similar to the plaintiffs services and goods by observing that "the goods and services of the conflicting marks could be offered together and be intended for the same public."

4. In *British Sugar Plc. v. James Robertson & Sons Ltd.* [1996] R.P.C. 281 at 294-297, relied upon in *Balkrishna Hatcheries v. Nandos International Ltd.* 2007 SCC OnLine Bom 449 and *Advance Magazine Publishers, Inc. v. Just Lifestyle Pvt. Ltd.* 2016 SCC OnLine Bom 8417, the court laid down the objective test for similarity of description of goods/services as follows:

- (a) *The uses of the respective goods or services;*
- (b) *The users of the respective goods or services;*
- (c) *The physical nature of the goods or acts of service;*
- (d) *The trade channels through which the goods or services reach the market;*
- (e) *In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves; and*
- (f) *The extent to which the respective goods and services are in competition with each other : that inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of*



course act for industry, put goods or services in the same or different sectors.”

5. Kerly 15 ed while relying upon Canon (supra), further observes in Para 9-065 that the element of **distinctive character of a trademark** and its reputation is also viewed when determining similarity between the goods and services and whether such similarity is sufficient to give rise to the likelihood of confusion.”

(Emphasis supplied)

32. Applying the test laid down in FDC (supra), it can be said that *prima facie* the plaintiffs and the defendant's goods are allied/cognate goods, for the following reasons:

i) **Respective uses of goods/services:** The plaintiff deals with the manufacturing and assembling of electric motors, controllers, alternators and starter kits which form a part of the automobiles whereas the defendant deals in electric two-wheeler and charging stations EV;

ii) **Intended purpose:** The plaintiffs goods intend to provide a range of products for all passengers and commercial vehicles, including EV whereas the defendant is providing a service to public institutions by setting up charging stations for electric two-wheelers and eventually venture into EV itself.

iii) **Respective users of goods/services:** The customer portfolio of the plaintiff comprises of Global OEMs of EV, North American OEMs of passenger and commercial vehicles as well as Indian OEMs of passenger and commercial vehicles as also EV whereas the defendant being a pre-revenue startup, is bound to eventually overlap with the pre-existing customer base of the plaintiff.

iv) **Sector :** The plaintiff and the defendant are both part of the automobile industry making a niche in the EV segment.”

37. Proceeding then to the issue of transborder reputation, Mr. Sibal submitted that the appellant had been able to establish before the learned Single Judge that it met the tests as laid down in **MAC Personal Care Pvt. Ltd. & Anr. v. Laverana GMBH and Co. KG & Anr.**⁵ in support of its claim of transborder reputation. According

⁵ 2016 SCC OnLine Del 530



to Mr. Sibal, for the purposes of the above, the appellant was enjoined to establish an international reputation and its spillover in India. Reference in this regard were made to the following passages as appearing in *MAC Persona Carel*: -

“13. But, with respect to the finding that the respondent has *prima-facie* not established a trans-border reputation, we find that the learned Single Judge has misapplied himself.

14. The concept of trans-border reputation has grown quite considerably through case law, which has been noted by the learned Single Judge, and the judgments referred to by the learned Single Judge have been noted by us in paragraph 7 above. We therefore need not rewrite the same. The concept of trans-border reputation essentially means that a plaintiff wishing to enforce its unregistered trademark in India need not necessarily have a commercial use in the Indian market in order to maintain an action for passing off. International reputation and renown may suffice if the same spills over to India.

15. Thus, there are two elements to the above, namely: -

(i) That there is an international reputation inuring in a trademark in favour of the plaintiff on account of use made overseas; and

(ii) The reputation spills over to India.

16. With the growth of the internet and the modern means of communication including radio, television and broadcasting, the second element is relatively easier to establish as compared to the position which existed even one decade ago. In fact, each new telecom technology (e.g. for 2G to 4G) increased band width enabling more and more to be achieved on say a hand-held cell phone. Therefore, standing anywhere within the country at any time pressing a few buttons, a person is able to view international trademarks with such ease that the spill over factor has become quite easy to establish.

17. But as regards the first element, of having a reputation in an international market, the question does arise as to the extent and magnitude of the reputation in order for it to be considered adequate to *prima-facie* satisfy the first condition of trans-border reputation; justifying the grant of an interim injunction pending trial.



18. In our opinion anything done at a commercial level should suffice to achieve the *prima-facie* satisfaction unless it can be called *de minimis* or trivial. Even if one is to assess in a rough way the amount or magnitude of the international reputation, there can be certain factors which assists in this process. If the trademark is registered in favour of the plaintiff in a jurisdiction abroad, said fact would demonstrate: -

- (i) That the proprietor has declared to the world that the subject matter is its trademark;
- (ii) That the declaration has been made in a public record open to inspection under the Trademark Laws of most jurisdictions; and
- (iii) That in all probability, the Registering Authority of the registering country satisfied itself that the mark was distinctive and therefore, capable of distinguishing the Registrant's Trademark from those of other traders.”

38. According to learned senior counsel, the fact that the appellant held trademark registrations in multiple jurisdictions would give rise to a strong presumption of international reputation. He reiterated the fact that the appellant had trademark registrations in over 85 countries as on August 2022. It was pointed out that *Mac Personal Care* had clearly accepted the aforesaid factor as being relevant for the purpose of evaluating a claim of transborder reputation. It was submitted further that *Mac Personal Care* assumes added significance as a consequence of it having taken cognizance of the march of technology and the impact of the internet on markets. According to Mr. Sibal, these aspects have clearly been overlooked by the learned Single Judge.

39. Mr. Sibal proceeding further contended that apart from an international reputation and goodwill, the appellant had also been able to establish its presence in India itself based upon the number of downloads of its mobile app, its advertising campaign and the steps



taken by the appellant to advertise its trademark “BOLT” on the visual as well as the print media platforms. It was argued that the business of the appellant had received extensive publicity and which is evidenced from the numerous featured articles which appeared in leading newspapers and periodicals available in the country.

40. Mr. Sibal also sought to draw sustenance from the decision of the **UK Supreme Court**⁶ in **Starbucks (HK) Ltd and Another v British Sky Broadcasting Group and Others**⁷ and which had referred to the aspect of intent to launch in a country being sufficient to be countenanced while evaluating the issue of protectable goodwill. According to Mr. Sibal, the learned Single Judge also failed to bear in consideration similar principles which came to be propounded by the Supreme Court in **Milmet Oftho Industries v. Allergan Inc.**⁸.

41. It was then argued that the judgment suffers from apparent contradictions as would be evident from the following facts. Mr. Sibal contended that the learned Single Judge while noticing the CNBC article which had clearly mentioned the date of adoption of the mark by the appellant as 2018, it has still proceeded to hold that the appellant had been using the mark only since 2020. According to Mr. Sibal, the learned Single Judge has also misconstrued the CNBC article while holding that the appellant had a presence only in ride hailing services when in fact the said article had itself mentioned the presence of the appellant in the EV segment. According to Mr. Sibal,

⁶ UKSC

⁷ [2015] UKSC 31

⁸ (2004) 12 SCC 624.



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the learned Judge has also erred in holding that the appellant had established EV charging stations only in Tallinn, Estonia, and ignoring its widespread presence in various countries across the globe while providing a whole bouquet of mobility related services.

42. Mr. Sibal further argued that the action of the respondents clearly amounted to a dishonest adoption as would be manifest from the following facts. According to learned senior counsel, the respondents in their written statement clearly admit of having knowledge of the mark of the appellant prior to their adoption and this in itself being evidence of a dishonest adoption. Mr. Sibal argued that *Mac Personal Care* had clearly frowned upon commercial dishonesty and the said facet constituting an important factor to be taken into consideration for the purposes of grant of injunction. It was his submission that an innocent use of a mark would be protected only if it be found that the same has been used by two or more persons unknown to each other and unaware of the mark itself. In the facts of the present case Mr. Sibal contented that it is more than evident that the adoption of the mark by the respondent was neither honest nor bona fide.

43. Continuing along this thread, Mr. Sibal also referred to the admitted fact that the respondent had initially launched its services under the trade name “REVOS” and only thereafter adopted the word “BOLT” for their EV charging stations. To sustain the aforesaid allegation, our attention was invited to an article which appeared in India Today and is found at page 1787 of our digital record.



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44. Mr. Sibal further questioned the correctness of the view expressed by the learned Single Judge where it was held that a physical or commercial presence within the territory would be relevant for the purposes of answering the question of transborder reputation. According to learned senior counsel, the aforesaid observations clearly run contrary to the principles which came to be laid down in *MAC Personal Care* and find resonance even in the decision of Supreme Court in **Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd**⁹.

45. Appearing for the respondents. Mr. Wadhwa, learned senior counsel firstly urged that although the plaintiff / appellant claims to have conceived and adopted the mark “BOLT” in 2018 and consolidated their operations under that mark sometime in 2019, the plaintiff fails to place any material particulars in this respect on the record.

46. According to Mr. Wadhwa, a general global reputation without any reference to reputation of goods and goodwill in India would be wholly insufficient for the purposes of answering the issue of transborder reputation.

47. Quite apart from the above, it was his submission that even on the material that was placed on the record, it cannot possibly be held that the appellant had a significant presence in India. It was in this regard further urged that the plaintiff / appellant failed to disclose

⁹ (2018) 2 SCC 1



appropriate particulars with respect to when it commenced its EV charging business and operations anywhere in the world. Mr. Wadhwa highlighted the fact that all that is averred in this respect is the establishment of EV charging docks in Tallinn, Estonia and the intent of the appellant to install similar charging docks in Lithuania and Portugal.

48. It was also his submission that the argument of allied or cognate services was one which was raised for the first time only in the replication. He took exception to the introduction of new facts and material by way of a replication in a purported attempt to establish the plaintiff's goodwill and reputation in India.

49. It was further urged by Mr. Wadhwa that a comparison of the marks of the appellant and respondents would itself establish that the latter mark would not satisfy the likelihood of confusion test. Mr. Wadhwa referred to the following pictorial comparison between the two products: -

Plaintiff's Product	Defendants' Product



50. Mr. Wadhwa further argued that the word “BOLT” is generic and is in use by various reputed organizations whose businesses straddle various sectors. It was submitted that the word “BOLT” has been adopted by Micromax (for phones), Bombay Stock Exchange (for computer software), Hyundai (for buses, cars and trucks), TATA (for vehicles), TVS (for tires and tubes) etc. According to Mr. Wadhwa, a search on the website of the Ministry of Corporate Affairs itself would establish that as many as 103 companies are registered with BOLT forming part of a corporate name. Reference in this regard was also made to the launch of cars by both Tata and Chevrolet with the name “BOLT”.

51. Mr. Wadhwa contended that the word “BOLT” along with a symbol of a thunderbolt together connote and seek to convey speed and lightning, both of which are concepts commonly used as part of visual representation strategies. This, according to learned senior counsel, would be evident from a bare perusal of the table which stands placed with paragraph 51 of the written statement. It was submitted that the respondent intended to highlight the swift charging of batteries capability of its chargers and that led to the adoption of the word and the device marks which presently appear on its charging stations.

52. It was further contended by the respondents that in all fairness and in deference to the statement made before the Court on 23 November 2022, it had already changed its name and mark to



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BOLT.EARTH and it is this arrangement which has been continued. It was submitted that it was the unjustified objections taken by the appellant which compelled the respondent to alter its name to BOLT.EARTH. According to Mr. Wadhwa, in terms of the undertaking as proffered before the learned Single Judge, the respondents have taken appropriate remedial steps and are bound to do so during the pendency of the proceedings in the suit. The Court was also referred to the affidavit of compliance which has been filed in this respect.

53. Proceeding to address submissions on the issue of adoption, Mr. Wadhwa pointed out that the appellants expressed its intent to adopt the word “BOLT” for the first time in October 2020 as would be evident from the content which was uploaded on YouTube. The learned senior counsel also referred to the various invoices which came to be generated in the course of sale of the REVOS BOLT chargers dating back to November 2020. These invoices appear at page 1909 to 1911 of our record.

54. Mr. Wadhwa submitted that as on 08 January 2021, the respondent had established more than 100 charging stations and was proceeding at a pace of 3 installations per day. It was further contended that the India Today article dated 26 October 2021 itself notes that in the pre-launch phase, numerous BOLT charging points had already been installed across 60 cities in India with an installed capacity of over 3600 kW.



55. According to Mr. Wadhwa, all of the above would clearly establish that by October 2021, the respondent had gained substantial goodwill across the country in contrast to the appellant having merely installed some charging docks in Tallinn, Estonia alone at this time. By March 2022, Mr. Wadhwa pointed out, the respondent had achieved the milestone of 10,000 EV charging stations across India and which feat was widely reported in various newspapers in the country. Mr. Wadhwa also referred to the mention of the respondent in the annual India EV Report Card FY 2021-2022 and evidencing the installation of 11,200 charging points in the country and representing the highest penetration reached by any service provider.

56. In contrast to the above, according to Mr. Wadhwa, the appellant has not only failed to establish goodwill or reputation in India, it had also miserably failed to establish goodwill in the EV charging space itself. According to learned senior counsel, the case of the appellant insofar as the EV charging segment is concerned is based solely on certain news articles and downloads of its mobile app by a minuscule number of Indian users.

57. Insofar as those newspaper articles are concerned, it was pointed out by Mr. Wadhwa that the appellant refers merely to two stray mentions in Indian newspapers and which too appeared at a gap of almost three years in between.

58. Proceeding then to counter the data which was sought to be relied upon by the appellant to buttress its case of reputation and



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goodwill in India, it was submitted by Mr. Wadhwa that the download data relates to the period January, 2017 to May, 2022, when in fact the appellant rebranded to BOLT only around 2018-2019. It was further submitted that the downloads between 2019 to October 2020 are negligible at the most and thus cannot possibly be read as cogent evidence of reputation and goodwill in the country.

59. It was further argued by Mr. Wadhwa that undisputedly, the appellant provides no services in India and in any event the downloads by Indian users is only to avail of services outside. According to Mr. Wadhwa, the driver campaign is also wholly immaterial when one bears in mind that the same was published in five cities of India during February 2020 to May 2020 and thus constituting a one-time exercise. It was further contended that the aforesaid advertising campaign is in any case of little relevance when one bears in mind the fact that it was rolled out during a time when the COVID pandemic was raging across the country.

60. Mr. Wadhwa also questioned the submission of allied and cognate services which was commended for our consideration by Mr. Sibal and argued that the fuel or the power on which a vehicle may run cannot possibly be viewed or accepted as being allied or cognate to the vehicle itself. It was his submission further that the fuel factor of a vehicle is in any case wholly irrelevant when viewed in the context of a platform merely aimed at aggregation of vehicles.



61. Mr. Wadhwa underlined the fact that the fuel/power as contrasted to a vehicle constitute two distinct and separate services, have completely different trade channels and constitute separate sectors itself. According to Mr. Wadhwa, it would be preposterous to recognize petrol pumps, diesel pumps, CNG pumps as a segment which could be said to be allied or cognate to the automobile sector.

62. In any case, according to learned senior counsel, and as per the case of the appellant itself, it principally remains to be a right aggregator as opposed to an industry leader in the field of EV charging. Mr. Wadhwa also sought to distinguish the judgment of *Sona Blw Precision Forgings Ltd*, pointing out that the plaintiff therein was engaged in the manufacture and assembly of electric motors and the defendant there dealing in electric two-wheelers. According to learned senior counsel, it was in the aforesaid context that the learned Judge held in favor of the plaintiff and answered the issue of allied and cognate goods in the affirmative. According to Mr. Wadhwa, the claim as set forth by the appellant is in any case liable to be negated when tested on the principles enunciated by the Supreme Court in *Toyota*.

63. Mr. Wadhwa also placed reliance on the judgement of **Keller Williams Realty Vs Dingle Buildcons Pvt. Ltd.**¹⁰, wherein in the context of transborder reputation, after considering *Toyota*, the Supreme Court had held that real estate brokerage services are not

¹⁰ 2020 SCC OnLine Del 539



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allied/cognate to real estate development services. The relevant observations in this regard are reproduced below:-

“12. I have considered the rival contentions, only for the purposes of the application for interim relief, and am of the opinion that the plaintiff is not entitled to any interim relief for the following reasons:

(A) Though, the Supreme Court in Neon Laboratories Ltd. *supra* and in Milmet Oftho Industries v. Allergan Inc., (2004) 12 SCC 624 applied the ‘first in the market’ test and held that the mere fact that the plaintiff had not been using the mark in India would be irrelevant if they were first in the world market, but the same, in Milmet Oftho Industries *supra* was held in the context of drugs and medicinal products and after holding the field of medicine to be of an international character and in Neon Laboratories Ltd., again in the context of drugs and medicinal products, and after finding, the defendant, though to be a prior registrant having not used the mark till after registration and commencement of use of the mark by the plaintiff therein. Thereafter, in Toyota Jidosha Kabushiki Kaisha *supra*, after noticing the view in Milmet Oftho Industries *supra*, final decree in a suit for permanent injunction restraining passing off was declined, holding (a) that the plaintiff was first worldwide user of the mark but the defendants were the first user of the mark in India; (b) that the first use by the plaintiff outside India of the mark did not have much reportage in India; (c) that the territoriality doctrine (a trade mark being recognised as having a separate existence in each sovereign country) holds the field; (d) that prior use of the trade mark in one jurisdiction would not ipso facto entitle its owner or user to claim exclusive rights to the said mark in another dominion; (e) that it is necessary for the plaintiff to establish that its reputation has spilled over the Indian market prior to the commencement of the use of the trade mark by defendants in India and which was not established in that case; (f) the test of possibility/liability of confusion would be valid in a quo timet action and not at the stage of final adjudication of the suit, at which stage the test would be one of actual confusion and in which respect no evidence had been led by the plaintiff; (g) that it is essential for the plaintiff in a



passing off action, to prove his goodwill, misrepresentation and damages; the test is whether a foreign claimant has a goodwill in India; if there are customers for the product of the foreign claimant in India, then the foreign claimant stands in the same position as a domestic trader; and, (h) else what has to be seen is whether there has been a spill over of the reputation and goodwill of the mark used by the foreign claimant, into India; if goodwill or reputation in India is not established by the plaintiff, no other issue really would need any further examination to determine the extent of plaintiffs right in an action for passing off.

(B) Applying the aforesaid law, (i) the present case is not concerned with field of medicine, which was held to be of an international character; (ii) the plaintiff herein, till date has no business, customers, agents or franchisees in India and has not been instrumental in establishment and/or operation of any real estate brokerage in India; (iii) save for producing e-mails from some Indians expressing interest in becoming agents of the plaintiff in India, the plaintiff has not been able to show spill over of its reputation and goodwill in India; (iv) the business of brokerage in real estate, in India is very different from the said business in USA; a distinct from USA, in India, no qualifications or permissions are required for setting up a business of real estate brokerage and the said business is not regulated; (v) though certain foreign brands as Coldwell Banker, RE/MAX, Jones Lang LaSalle, Cushman and Wakefield have entered the business of real estate brokerage in India but the plaintiff, in spite of obtaining registration of its trade mark in India nearly 8 years back in the year 2012 with intention to set up business in India, has till date not entered India; (vi) there are no rights in a trade mark without use/utilization thereof; (vii) mere ownership or even registration of a mark does not lead to any presumption of the mark having a reputation and goodwill, even in the territories where the mark is being used; the plaintiff, while applying for registration of the mark, did not claim any use, in India, of the mark, by spill over of reputation and goodwill from another territory to India; the plaintiff has not made out any case of any use or spill over of goodwill and reputation, since registration; and, (viii) the plaintiff, even at this stage, without establishing before this Court



reputation and goodwill outside India and such reputation and goodwill having spilled over to India, *prima facie*, cannot restrain the defendants from passing off their services as that of the plaintiff or infringing its trade mark. The plaintiff has failed to make out a *prima facie* case.

(C) The business of real estate brokerage is very different and distinct from the business of development and construction of real estate. The plaintiff does not claim to be in business of or having reputation and goodwill in the construction and development of real estate. Rather the plaintiff does not even claim to be carrying on business of real estate brokerage. The plaintiff describes itself as a real estate franchisor. The plaintiff itself on 20th May, 2013 while responding to the objections in the examination report of the Trade Mark Registry to the application of the plaintiff for registration of the mark, took a stand that the business of advertising, business management, business administration and offices functions for which the defendant no.1 had applied for registration of the same mark prior to the plaintiff was very distinct and different from the business of franchising/offering technical assistance in the establishment and/or operation of real estate brokerage for which the plaintiff had applied for registration. The defendants even today are not pleaded to be in the business of franchising or providing technical assistance for real estate brokerage. The position thus remains the same as on 20th May, 2013. When the plaintiff then had not objection to defendants also using the 'KW' marks, there is no reason, why today. From the response dated 20th May, 2013 aforesaid of the plaintiff, it is clear that the plaintiff had no objection to use by the defendants or by others of the same mark as the plaintiff i.e. KW, as long as for businesses other than the business for which the plaintiff intended to use the said mark. The plaintiff cannot be entitled to restrain the defendants without establishing by evidence how today there is a possibility of confusion and deception by the defendants, in the business of real estate development and construction, using the KW formative marks registered in favour of the plaintiff, as part of their device/logo mark. Without the plaintiff establishing the tort, of the defendants, by confusing the customers, passing off the properties developed by the defendants as those from the



plaintiff, cannot be entitled to any relief on the ground of passing off.

(D) The marks of the defendants, to which objection is taken by the plaintiff, at least at this stage, cannot be said to be similar or deceptively similar to the marks of the plaintiff. While the plaintiff is using merely the alphabets 'KW' or together with Keller Williams, the defendants are using the same in conjunction with, either 'Blue Pearl' or 'Srishti' or 'Delhi-6' or in corporate names, in conjunction with 'Power Pvt. Ltd.' or 'Securities and Services Pvt. Ltd.' or 'Agro Pvt. Ltd.' or 'Infrabuild Pvt. Ltd.' etc. and which is sufficient to distinguish the two.

(E) When the plaintiff chose to use bare alphabets 'KW' as its mark, the possibility of another using the same alphabets, is inherent, as the plaintiff also conceded in its reply dated 20th May, 2013 supra. The plaintiff then, on learning of the same, did not feel the need to oppose the application of the defendants for registration or to restrain the defendants from, even if then not in use, commencing use thereof, specially since the plaintiff also, though then not using, proposed to use identical mark. The same is sufficient to deny interim relief of plaintiff.

(F) At least, at this stage it appears that the plaintiff is also guilty of delay and latches. The plaintiff, in the plaint admits knowledge in March, 2013 of the claim of the defendants of use of the mark since 2006 and the application filed by the defendants prior to the plaintiff for registration of the said mark. However the plaintiff, instead of opposing the said application of the defendants or immediately suing the defendants in 2013 itself to restrain the defendants from using the said mark, was content with obtaining registration in its own favour. The defendants have placed before this Court advertisement published in Delhi newspapers of their project KW Srishti in the years 2010 and 2012 i.e. prior to 2013 when the plaintiff admits to have become aware of the defendants. There is no explanation why the plaintiff, on becoming so aware in March 2013, did not enquire into the operations and extent of operations and which would have revealed the project KW Srishti of the defendants, even if the plaintiff was not aware of the same earlier. The plaintiff has thereby allowed the defendants to launch other projects with KW brand and thereby acquiesced in use of



the mark at least from 2013 till 2019, by the defendants. The same also disentitles the plaintiff to any interim injunction.

(G) Since the plaintiff till date has no business in India, the question of the plaintiff suffering any irreparable loss and injury does not arise and the balance of convenience is also in favour of the defendants. The consumers of the projects of the defendants under the KW brand, who use the same as their address, would also be affected by any injunction granted and all of which cannot be reversed in the event of the plaintiff ultimately failing in the suit. On the contrary, if the plaintiff ultimately succeeds in the suit, the defendants can always be injunctioned then and the mere fact that the defendants during the pendency of the suit have continued use of the mark, would not be of any avail, as the expansion if any by the defendants of use of the impugned marks, would be at their own peril.

(H) Though the explanation of the defendants of the reason for the use of alphabets 'KW' does not inspire confidence and is also contrary to the stand of the defendants themselves, of KW standing for "Kesarwani World", however the same alone would not entitle the plaintiff to injunction without making out at least a *prima facie* case for infringement or passing off."

64. According to learned senior counsel, not only has the appellant failed to establish goodwill or reputation in India, it has in any case failed to prove substantial goodwill for its product in the Indian market. Mr. Wadhwa emphasized precedents across different jurisdictions having favored the territoriality principle and thus placing the appellant under the obligation of having proven spillover of reputation and goodwill in India itself.

65. Mr. Wadhwa submitted that the material and the evidence which has been relied upon by the appellant also fails to meet the test of presence of the mark in the market and one which was formulated



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by the Supreme Court in *Toyota*. Mr. Wadhwa, in support of his submissions, also underlined courts across jurisdictions having accepted goodwill being a facet which is predominantly local in character and having found that a foreign trader which chooses not to conduct any business activity in a country being disentitled to protection.

66. It was further submitted that reputation has also been recognized as being an aspect distinct from goodwill, and that consequently, even if it were to be assumed that the appellant had a reputation within a particular jurisdiction, the same would not be sufficient for this Court to accord any relief to it.

67. In the end, Mr. Wadhwa submitted that while answering the issue of cross border reputation, Courts must also necessarily bear in mind the aspect of public interest and the imperative need to protect domestic industry from injunctive attacks mounted by corporate entities which have evinced no interest or intent to provide services to Indian customers.

68. Having noticed the rival submissions addressed on this appeal, it would be appropriate to briefly advert to the precedents rendered on the subject of spillover of reputation so as to formulate the foundational precepts which would govern. We note that one of the earliest decisions rendered on this subject was by a Division Bench of the Calcutta High Court in **Allergan Inc. Vs. Milment Oftho**



Industries.¹¹. Ruma Pal J. while penning a lucid opinion and one which when viewed today could be described as being truly progressive, cognizant of the march of technology and of a world with fewer trade barriers, had this to say: -

“13. Reputation is the connection that the public makes between a particular product or service and a particular source which may or may not be known. Some Courts have held that reputation which is built up on the basis of trade within the country is entitled to protection from passing off. Others Court have made some concession to the communication explosion and held that if the plaintiff has a reputation in another country, his right to the mark will be protected if it is coupled with some actual or proposed business activity within the country (See *Alain Bernardin et Cie v. Pavilion Properties*, (1967) RPC 581; *Amway Corp. v. Eurway Int. Ltd.*(1974) RPC 82. Still other Courts have held that with the increase in international commerce, mass media communications and the frequency of the foreign travel, political and geographic boundaries do not stem the exchange of ideas and instant information. Local business is not an essential ingredient of a passing off action. However, the reputation must be well established or a known one See : *Panhard et Levassor v. Panhard Motor Co. Ltd.*, (1901) 18 RPC 405; *Sheraton Corp. v. Sheraton Motels*, (1964) RPC 202; *Orkin Exterminating Co. Ind. v. Pest Co. of Canada* (1985) 5 Canadian Patent Reporter 433; Vitamins L.D.'s Application for Trademark, 1956 (1) RPC 1. The decisions which reflect the first and second view have so held for reasons which are partly historic, partly geographic and partly because reputation was equated with goodwill. Goodwill has been defined as the benefit derived from reputation. It is not the reputation required to found a passing off action. The law of passing off is not trammelled by definitions of goodwill developed in the field of revenue law [*per Hockhart J., Conagra Inc. v. McCain Foods (Aust) P. Ltd.*, 1993 (23) IPR 193 231]. It is an asset of a business assessable in terms of money and transferable (See *IRC v. Muller*, (1901) AC

¹¹ 1997 SCC Online Cal 337



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217, *Trego v. Hunt*(1896) AC 7; *ITC v. B.C. Srinivas Shetty*, AIR 1981 SC 972 : 1981 Tax LR 641. In my opinion reputation framing the basis of a passing off action need not be so localised. Whatever the compulsion for the Courts taking the first or second view in other countries, as far as this country is concerned, Courts in India prescribe to the third view and have held that a plaintiff with a reputation which is established internationally can sue to protect it in this country even if it does not have any business activity here. In other words reputation of a product may precede its introduction and may exist without trade in such product in the country. See *N.R. Dongre v. Whirlpool Corporation*, AIR 1995 Delhi 300 (DB); *J.N. Nichols (Vimto) Ltd. v. Rose & Thistle*, 1994 PTC 83 (DB); *Calvin Klein Inc. v. International Apparels*, (1995) FSR 515 : 1995 IPLR 83; *Conagra Inc. v. McCain Foods* (Supra) at p. 133.

17. Second, evidence of reputation abroad may spill over in the country through advertisement. The Division Bench of the Delhi High Court in *N.R. Dongre v. Whirlpool Corp.*, AIR 1995 Del 300 (affirmed in appeal (1996) 5 SCC 714) said:

“The knowledge and awareness of a trade mark in respect of the goods of a trader is not necessarily, restricted only to the people of the country where such goods are freely available but the knowledge and awareness of the same reaches even the shores of those countries where the goods have not been. When a product is launched and hits the market in one country, the cognizance of the same is also taken by the people in other countries almost at the same time by getting acquainted with it through advertisements in newspapers, magazines, television, video films, cinemas etc. even though there may not be availability of the product in those countries because of import restrictions or other factors. In today's world it cannot be said that a product and the trade mark under which it is sold abroad, does not have a reputation or goodwill in countries where it is not available. The knowledge and awareness of it and its critical evaluation and appraisal travels beyond the confines of the geographical area in which it is sold. This has been made



possible by development of communication systems which transmit and disseminate the information as soon as it is sent or beamed from one place to another. Satellite Television is a major contributor of the information explosion. Dissemination of knowledge of a trade mark in respect of a product through advertisement in media amounts to use of the trade mark whether or not the advertisement is coupled with the actual existence of the product in the market.”

18. The same view was taken by the Division Bench of this Court in *J.N. Nichols (Vimto) Ltd. v. Rose & Thistle*, 1994 PTC 83 (DB):

“Thus a product and its trade name transcends the physical boundaries of a geographical region and acquires a transborder or overseas or extraterritorial reputation not only through import of goods but also by its advertisement. The knowledge and the awareness of the goods of a foreign trader and its trade mark can be available at a place where goods are not being marketed and consequently not being used. The manner in which or the source from which the knowledge has been acquired is immaterial..... The Courts do not approve of any attempt by one trader to appropriate the mark of another trader, even though that trader may be a foreign trader and mostly uses his mark in respect of the goods available abroad i.e. outside the country where the appropriate of the mark has taken place.
As mentioned earlier, awareness and knowledge of the mark in the latter country may be because of small trickle of goods in that country or through advertisement. The manner and method by which the knowledge of the mark is acquired by the public is of no consequence and will not matter.”

69. While affirming the views so expressed by the High Court in that decision the Supreme Court in **Milmet Oftho Industries Vs. Allergan Inc.**¹² had observed thus: -

“8. We are in full agreement with what has been laid down by this Court. Whilst considering the possibility of likelihood of deception

¹² (2004) 12 SCC 624



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or confusion, in present times and particularly in the field of medicine, the courts must also keep in mind the fact that nowadays the field of medicine is of an international character. The court has to keep in mind the possibility that with the passage of time, some conflict may occur between the use of the mark by the applicant in India and the user by the overseas company. The court must ensure that public interest is in no way imperilled. Doctors, particularly, eminent doctors, medical practitioners and persons or companies connected with the medical field keep abreast of latest developments in medicine and preparations worldwide. Medical literature is freely available in this country. Doctors, medical practitioners and persons connected with the medical field regularly attend medical conferences, symposiums, lectures, etc. It must also be remembered that nowadays goods are widely advertised in newspapers, periodicals, magazines and other media which is available in the country. This results in a product acquiring a worldwide reputation. Thus, if a mark in respect of a drug is associated with the respondents worldwide it would lead to an anomalous situation if an identical mark in respect of a similar drug is allowed to be sold in India. However, one note of caution must be expressed. Multinational corporations, which have no intention of coming to India or introducing their product in India should not be allowed to throttle an Indian company by not permitting it to sell a product in India, if the Indian company has genuinely adopted the mark and developed the product and is first in the market. Thus the ultimate test should be, who is first in the market.

9. In the present case, the marks are the same. They are in respect of pharmaceutical products. The mere fact that the respondents have not been using the mark in India would be irrelevant if they were first in the world market. The Division Bench had relied upon material which *prima facie* shows that the respondents' product was advertised before the appellants entered the field. On the basis of that material the Division Bench has concluded that the respondents were first to adopt the mark. If that be so, then no fault can be found with the conclusion drawn by the Division Bench."

70. A learned Judge of our Court in **Cadbury UK Limited Vs. Lotte India Corporation¹³** while speaking on the subject of reputation and goodwill had held as follows: -

¹³ 2014 SCC Online Del 367



“33. The position, therefore, that emerges from the above case law is:

- (a) The concept of goodwill is derived from reputation but the reputation need not be necessarily a local reputation. It can even be a spill over in India of the international reputation enjoyed by the Plaintiffs mark.
- (b) It is not necessary for the Plaintiff to actually show the presence of or sale of its products in India as long as it is able to establish that it enjoys a spill over reputation in India. In other words, the reputation of a product may precede its introduction and may exist without trade of the product in the country.
- (c) The proof of reputation can be in the form of advertisements in the media and general awareness which in the modern day context would include advertisements or display on the internet and social media. The reputation must be shown to exist at the time the Defendant enters the market.
- (d) A mechanical incantation of reputation is not sufficient. There must be some material that the product is known to the Indian consumer. The material will be scrutinised by the Court from many relevant perspectives, including the class of consumers likely to buy the product (See the decision dated 15th March 2010 of this Court in CS (OS) 626 of 2006 *Roca Sanitario S.A. v. Naresh Kumar Gupta*).
- (e) Although in the internationalisation of trade there could be a possible confusion with the domestic trader *bona fide* adopting business names similar to names legitimately used elsewhere, a dishonest adoption or use of a mark similar to one having a reputation in the market, with a view to causing deception or confusion in the mind of the average consumer, may invite an injunction.”

71. Upon applying those principles to the case before the Court, the learned Judge proceeded to observe as below: -

“36. The Plaintiffs have been able to *prima facie* show that their products have been available in the international market since long. There are sales figures for South Africa since 2004, China and Indonesia. The web pages showing the presence of Cadbury's Choclairs, although uploaded from Malaysia, have been shown to be accessible in India. For the purpose of establishing reputation, the fact that such web pages displaying the product can be viewed



in India is sufficient to show that buyers of chocolate in India or Indians travelling abroad are aware of it and are likely to associate the product under the mark Choclairs with the Plaintiffs.

37. The material placed on record by the Plaintiffs *prima facie* shows that the Plaintiff had a spill over in India of its international reputation in Cadbury's Choclairs. The materials are a combination of the presence on the net, the possibility of availability of Cadbury's Choclairs in duty free shops in international airports, frequency of travel and the growth of international tourism. Also, the class of consumers of chocolates in general and Choclairs in particular is wide ranging. It is not confined to any particular age group."

72. Proceeding chronologically, we then take note of the decision of the UKSC in *Starbucks*, a decision which was noticed with approval by our Supreme Court in *Toyota*. While speaking of the necessity of goodwill in the United Kingdom being a legal imperative in cross border reputation cases, *Starbucks* upon noticing the judgments handed down on the subject in that jurisdiction held:-

“20. None the less, it does appear that the courts in the United Kingdom have consistently held that it is necessary for a claimant to have goodwill, in the sense of a customer base, in this jurisdiction, before it can satisfy the first element identified by Lord Oliver. That this has been the consistent theme in the cases can be well established by reference to a series of House of Lords decisions, and a decision of the Judicial Committee of the Privy Council, over the past century.

28. On behalf of PCCM, Mr Silverleaf contended that the notion that goodwill should be limited to jurisdictions where the claimant had business is wrong in principle: the question of where the claimant had goodwill was a matter of fact and evidence, not a matter of law. Further, in the present age of “international travel and the presence of the Internet”, he argued that it would be anachronistic and unjust if there was no right to bring passing off proceedings, particularly in relation to an electronically communicated service, in a jurisdiction where, as a matter of fact, the plaintiff’s mark had acquired a reputation. He suggested that



the mere fact that the customers are in Hong Kong when they enjoy the service should not undermine PCCM's case that they have such a reputation here which deserves to be protected. He also submitted that the law would be arbitrary if PCCM had no right to bring passing off proceedings despite having a reputation in this country simply because users did not pay when they viewed PCCM's programmes free on the websites.

31. Lord Diplock's suggestion in the *Star Industrial* case [1976] FSR 256 that, if business is carried on in more than one country there is a separate goodwill in each country, has been questioned in more than one domestic case. Thus, in two first instance decisions, Graham J suggested that the geographical boundaries of any goodwill should be a question of fact in each case, rather than one of law: see *Baskin-Robbins Ice Cream Co v Gutman* [1976] FSR 545, 547–548 and *Maxim's Ltd v Dye* [1977] 1 WLR 1155, 1159, 1162. Megarry V-C in *Metric Resources Corp v Leasematrix Ltd* [1979] FSR 571, 579 also expressed some doubt about Lord Diplock's view on this point. And Lord Diplock's analysis was described as not being "an exactly accurate rendering of what was said in *Inland Revenue Comrs v Muller's Margarine Ltd*" by Lloyd LJ (with whom Jacob and Stanley Burnton LJ agreed) in *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2010] Bus LR 1465, para 99, although Lloyd LJ clearly considered that the actual decision in the *Star Industrial* case [1976] FSR 256 was correct. As he concluded, however, in para 106, the *Anheuser-Busch* case was binding authority "for the proposition that an undertaking which seeks to establish goodwill in relation to a mark for goods cannot do so, however great may be the reputation of his mark in the UK, unless it has customers among the general public in the UK for those products".

32. So far as the *Anheuser-Busch* case [1984] FSR 413 is concerned, as I have already indicated, the fact that the decision proceeded on the basis that a plaintiff in a passing off action must have goodwill, in the form of customers, in the jurisdiction did not represent any departure from an approach already approved by the House of Lords. As Oliver LJ pointed out, at p 464, Lord Diplock in the *Erven Warnink* case [1979] AC 731, 744 stated that a plaintiff must have "used the descriptive term long enough on the market in connection with his own goods and have traded successfully enough to have built up a goodwill for his business", and, as Oliver LJ then observed, this "emphasises the point that goodwill (as



opposed to mere reputation) does not exist here apart from a business carried on here". As Oliver LJ went on to say, the same feature "emerges with even greater clarity from the decision of the Privy Council in the *Star Industrial* case". And Dillon LJ in the *Anheuser-Busch* case [1984] FSR 413, 475–476 cited the *Spalding* case 32 RPC 273, the *Star Industrial* case [1976] FSR 256 and *Inland Revenue Comrs v Muller & Co's Margarine Ltd* [1901] AC 217 to make the same point.

35. In a significant number of other cases at first instance, it is clear that, well before the Court of Appeal decision in the *Anheuser-Busch* case [1984] FSR 413, Chancery judges considered that a plaintiff had to establish at least an arguable case that it had business in the UK before it could obtain an interlocutory injunction against passing off. Before turning to them, it is instructive to refer to *Maxwell v Hogg* (1867) LR 2 Ch App 307, which appears to have been the first case in which an English court specifically decided that mere reputation, without customers, was not enough to found a passing off claim. The Court of Appeal held that the plaintiff's advertising campaign in respect of a proposed new newspaper called *Belgravia* with a view to imminent publication did not give him any right to enjoin the defendant from publishing a newspaper with the same name. Turner LJ, after mentioning the inconvenience of a plaintiff who had not even used the mark being able to restrain someone else from doing so, said, at p 312, that the plaintiff had "neither given, nor come under any obligation to give, anything to the world; so that there is a total want of consideration for the right which he claims". Cairns LJ, at pp 313–314, explained that the plaintiff had no "right of property" for which he could claim protection, as "there has been no sale, or offering for sale, of the articles to which the name is to be attached".

73. Proceeding to notice the line taken by judgments rendered in different jurisdictions, the UKSC proceeded to observe thus: -

“36. More recent cases which support Sky's case include the decisions of Pennycuick J in *Alain Bernardin et Cie v Pavilion Properties Ltd* [1967] RPC 581, Brightman J in *Amway Corporation v Eurway International Ltd* [1974] RPC 82, and Walton J in *Athlete's Foot Marketing Associates Inc v Cobra Sports Ltd* [1980] RPC 343. In the *Alain Bernardin* case,



Pennycuick J held that the plaintiffs could not obtain an injunction against the use of the mark CRAZY HORSE in the UK, even though they could establish a reputation here for its cabaret in Paris under that name. The plaintiff's problem was that they could not identify any business done in the UK, either directly or indirectly (to use Farwell J's expression in the *Panhard* case [1901] 2 Ch 513), in connection with their "Crazy Horse Saloon" in Paris, and the mere distribution of advertisements was not enough (hence Templeman J's observation in the *Globelegance* case [1974] RPC 603). In other words, there does not seem to have been any evidence of any customers in England of the plaintiffs' Paris establishment as opposed to people in England who visited that establishment when they were in Paris (see at p 582).

39. In *C&A Modes v C&A (Waterford) Ltd* [1978] FSR 126, the Supreme Court of Ireland held that the plaintiff's C&A department store in Belfast was entitled to mount a claim in passing off in the Irish Republic. At p 139, Henchy J was clearly unhappy about the decision in the *Alain Bernardin* case, and said that there were in the Irish Republic "sufficient customers of [the] plaintiff's business [in Belfast] to justify his claim". At pp 140–141, Kenny J rejected the argument that a passing off claim "should be limited to cases where the plaintiff had acquired some of its goodwill in the Republic by user or trading in this country", and pointed out that the plaintiff in that case had customers in the Republic, where it had "carried out extensive advertising on television and radio and in the newspapers". He also said that the decision in the *Alain Bernardin* case [1967] RPC 581 was wrong. O'Higgins CJ agreed with Henchy J. I do not find this decision of much assistance in this case. As Walton J said in the *Athlete's Foot* case [1980] RPC 343, p 356, these judgments (at least arguably in the same way as the judgment in the *Pete Waterman* case [1993] EMLR 27) show a "misapprehension" of the reasoning in the *Alain Bernardin* case: "if there had been customers of the Crazy Horse business in England, in the sense in which there were customers of the Sheraton Hotels business in England, the decision in [the *Alain Bernardin* case] surely must have been the other way".

42. Support for PCCM's case may however be found in the decision of the Federal Court of Australia in *ConAgra Inc v McCain Foods (Aust) Pty Ltd* (1992) 106 ALR 465, given by Lockhart J, with whom Gummow and French JJ agreed (and gave



judgments of their own). After a very full review of the common law authorities (including those I have discussed above) on pp 473–501, Lockhart J said, at p 504, that it was “no longer valid, if it ever was, to speak of a business having goodwill or reputation only where the business is carried on”, relying on “Modern mass advertising … [which] reaches people in many countries of the world”, “The international mobility of the world population” and the fact that “This is an age of enormous commercial enterprises”. He also said, at p 505, that, in his view, “the ‘hard line’ cases in England conflict with the needs of contemporary business and international commerce”. He concluded on the next page that “it is not necessary … that a plaintiff, in order to maintain a passing off action, must have a place of business or a business presence in Australia; nor is it necessary that his goods are sold here”, saying that it would be “sufficient if his goods have a reputation in this country among persons here, whether residents or otherwise”. Two points should be noted about this decision. First, the passing off claim none the less failed because the plaintiff was held to have an insufficient reputation in Australia. Secondly, the High Court of Australia has not considered this issue.

43. The approach of the Supreme Court of South Africa in *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd* [1998] 3 All SA 175 (A) is to similar effect—see at para 16. Indeed, at para 19, the *ConAgra* case 106 ALR 465 was cited with approval. However, once again, the claim failed on the ground of insufficiency of reputation.

45. Finally, Singapore. In *Jet Aviation (Singapore) Pte Ltd v Jet Maintenance Pte Ltd* [1998] 3 SLR(R) 713, para 45, PCCM contends that Warren LH Khoo J in the High Court appears to have followed the *ConAgra* case 106 ALR 465. I am not at all sure that he did: see at para 42. However, it is unnecessary to decide that question, because more recently, the Court of Appeal considered the issue in an impressively wide ranging judgment in *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide Inc* [2014] 1 SLR 911. After briefly considering most of the authorities to which I have referred (including the decision of Arnold J in this case), Sundaresh Menon CJ, giving the judgment of the court, explained at para 135 that the Singapore courts had “largely followed the *Star Industrial* case [1976] FSR 256, holding that a foreign trader which does not conduct any business activity in Singapore cannot maintain an action in passing off here”, and



that this “draws a clear distinction between goodwill and reputation”.

46. However, as he explained in the next paragraph, this “hard line” approach has been softened in one respect in Singapore (citing *CDL Hotels International Ltd v Pontiac Marina Pte Ltd* [1998] 1 SLR(R) 975, para 58) namely where the plaintiff has started “pre-business activities”, such as “embark[ing] on massive advertising campaigns before the commencement of trading to familiarise the public with the service or product”. Sundaresh Menon CJ explained, at para 138, that this was consistent with two English decisions, *WH Allen & Co v Brown Watson Ltd* [1965] RPC 191 and *British Broadcasting Corporation v Talbot Motor Co Ltd* [1981] FSR 228, a view which derives some support from the judgment of Dillon LJ in *Marcus Publishing plc v Hutton-Wild Communications Ltd* [1990] RPC 576, 584.

49. It is of course open to this court to develop or even to change the law in relation to a common law principle, when it has become archaic or unsuited to current practices or beliefs. Indeed it is one of the great virtues of the common law that it can adapt itself to practical and commercial realities, which is particularly important in a world which is fast changing in terms of electronic processes, travel and societal values. None the less, we should bear in mind that changing the common law sometimes risks undermining legal certainty, both because a change in itself can sometimes generate uncertainty and because change can sometimes lead to other actual or suggested consequential changes.

50. In addition to domestic cases, it is both important and helpful to consider how the law has developed in other common law jurisdictions—important because it is desirable that the common law jurisdictions have a consistent approach, and helpful because every national common law judiciary can benefit from the experiences and thoughts of other common law judges. In the present instance, the Singapore courts follow the approach of the UK courts, whereas the courts of Australia (subject to the High Court holding otherwise) and South Africa seem to favour the approach supported by PCCM. The position is less clear in other Commonwealth jurisdictions. In the United States of America, the approach appears to be consistent with that of the courts below in this case. Thus in *Grupo Gigante SA De CV v Dallo & Co Inc* (2004) 391 F 3d 1088, the Court of Appeals for the 9th circuit said, at p 1093, that “priority of trademark rights in the United States



depends solely on priority of use in the United States, not on priority of use anywhere in the world. Earlier use in another country usually just does not count". Accordingly it does not appear to me that there is anything like a clear trend in the common law courts outside the UK away from the "hard line" approach manifested in the UK cases discussed in paras 21-26 and 32-36 above."

74. While dealing with the aspect of territoriality of goodwill and the necessary tests for answering the issue of substantial goodwill, *Starbucks* lays in place the following principles:-

“53. As to Lord Diplock's statement in the *Star Industrial* case [1976] FSR 256 that, for the purpose of determining whether a claimant in a passing off action can establish the first of Lord Oliver's three elements, an English court has to consider whether the claimant can establish goodwill in England, I consider that it was correct. In other words, when considering whether to give protection to a claimant seeking relief for passing off, the court must be satisfied that the claimant's business has goodwill within its jurisdiction.

59. Professor Wadlow has, in my judgment, correctly summarised the position in *The Law of Passing-off Unfair Competition by Misrepresentation* , 4th ed (2011), para 3-131:

“The reason why goodwill is territorial is that it is a legal proprietary right, existing or not in any jurisdiction according to whether the laws of that jurisdiction protect its putative owner. Goodwill in the legal sense is therefore something more than bare reputation ... The distinction between goodwill in the legal sense and reputation in the everyday sense is like that between copyright and the underlying literary work. It may be surprising, and even inconvenient, that at the moment a literary work is reduced to writing tens or hundreds of legally distinct copyrights may simultaneously come into existence all over the world, but the nature of copyright as a legal right of property arising in any given jurisdiction from national legislation, common law or self-executing Treaty means that it must be wrong to speak as if there were a single international copyright.”



75. It then went on to enter the following pertinent observations with respect to domestic industry and the need to strike a balance when spill over of reputation forms the basis for an action:-

“61. It is also necessary to bear in mind the balancing exercise underlying the law of passing off, which Somers J described in *Dominion Rent A Car* [1987] 2 TCLR 91, 116 as “a compromise between two conflicting objectives, on the one hand the public interest in free competition, on the other the protection of a trader against unfair competition by others”. More broadly, there is always a temptation to conclude that, whenever a defendant has copied the claimant's mark or get-up, and therefore will have benefited from the claimant's inventiveness, expenditure or hard work, the claimant ought to have a cause of action against the defendant. Apart from the rather narrower point that passing off must involve detriment to the claimant, it is not enough for a claimant to establish copying to succeed. All developments, whether in the commercial, artistic, professional or scientific fields, are made on the back of other people's ideas: copying may often be an essential step to progress. Hence, there has to be some balance achieved between the public interest in not unduly hindering competition and encouraging development, on the one hand, and on the other, the public interest in encouraging, by rewarding through a monopoly, originality, effort and expenditure—the argument which is reflected in Turner LJ's observation in *Maxwell v Hogg* LR 2 Ch App 307, 312 to the effect that a plaintiff who has merely advertised, but not marketed, his product, has given no consideration to the public in return for his claimed monopoly. In the instant case, the assessment of the appropriate balance between competition and protection, which arises in relation to any intellectual property right, must be made by the court, given that passing off is a common law concept.

62. If it was enough for a claimant merely to establish reputation within the jurisdiction to maintain a passing off action, it appears to me that it would tip the balance too much in favour of protection. It would mean that, without having any business or any consumers for its product or service in this jurisdiction, a claimant could prevent another person using a mark, such as an ordinary English word, “now”, for a potentially indefinite period in relation to a similar product or service. In my view, a claimant who has simply obtained a reputation for its mark in this jurisdiction in respect of his products or services outside this jurisdiction has not done



enough to justify granting him an effective monopoly in respect of that mark within the jurisdiction.

63. I am unpersuaded that PCCM's case is strengthened by the fact that we are now in the age of easy worldwide travel and global electronic communication. While I accept that there is force in the point that the Internet can be said to render the notion of a single international goodwill more attractive, it does not answer the points made in paras 51–59 above. Further, given that it may now be so easy to penetrate into the minds of people almost anywhere in the world so as to be able to lay claim to some reputation within virtually every jurisdiction, it seems to me that the imbalance between protection and competition which PCCM's case already involves (as described in paras 60–62 above) would be exacerbated. The same point can be made in relation to increased travel: it renders it much more likely that consumers of a claimant's product or service abroad will happen to be within this jurisdiction and thus to recognise a mark as the claimant's. If PCCM's case were correct, it would mean that a claimant could shut off the use of a mark in this jurisdiction even though it had no customers or business here, and had not spent any time or money in developing a market here - and did not even intend to do so.

64. A rather different factor which militates against PCCM's case is section 56 of the Trade Marks Act 1994 which gives effect to article 6(bis) of the Paris Convention) and is concerned with "well known marks". By virtue of subsection (1), section 56 applies to a mark which is owned by a person who is domiciled or has a business in a Convention country and which is "well known in the United Kingdom". Section 56(2) entitles such a person to "restrain by injunction the use in the United Kingdom of a trade mark which, or the essential part of which, is identical or similar to his mark, in relation to identical or similar goods or services, where the use is likely to cause confusion". This provision is significant in the present context because it substantially reduces the likelihood of the sort of harsh results referred to at the start of para 60 above. It means that, where a mark which is used abroad and has a reputation in this country, it still can be protected if it satisfies section 56(1), even if the proprietor of the mark cannot establish any customers or sufficient goodwill in this jurisdiction."

76. The question of cross border reputation again fell for consideration before a Division Bench of our Court in *MAC Personal*, a decision which was heavily relied upon by the appellants. The



concept of reputation and goodwill and their relevance to the issue of transborder reputation was explained in the following terms: -

“13. But, with respect to the finding that the respondent has prima-facie not established a trans-border reputation, we find that the learned Single Judge has misapplied himself.

14. The concept of trans-border reputation has grown quite considerably through case law, which has been noted by the learned Single Judge, and the judgments referred to by the learned Single Judge have been noted by us in paragraph 7 above. We therefore need not rewrite the same. The concept of trans-border reputation essentially means that a plaintiff wishing to enforce its unregistered trademark in India need not necessarily have a commercial use in the Indian market in order to maintain an action for passing off. International reputation and renown may suffice if the same spills over to India.

15. Thus, there are two elements to the above, namely : -

- (i) That there is an international reputation inuring in a trademark in favour of the plaintiff on account of use made overseas; and
- (ii) The reputation spills over to India.

16. With the growth of the internet and the modern means of communication including radio, television and broadcasting, the second element is relatively easier to establish as compared to the position which existed even one decade ago. In fact, each new telecom technology (e.g. for 2G to 4G) increased band width enabling more and more to be achieved on say a hand-held cell phone. Therefore, standing anywhere within the country at any time pressing a few buttons, a person is able to view international trademarks with such ease that the spill over factor has become quite easy to establish.

17. But as regards the first element, of having a reputation in an international market, the question does arise as to the extent and magnitude of the reputation in order for it to be considered adequate to prima-facie satisfy the first condition of trans-border reputation; justifying the grant of an interim injunction pending trial.

18. In our opinion anything done at a commercial level should suffice to achieve the prima-facie satisfaction unless it can be called de minimis or trivial. Even if one is to assess in a rough way



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the amount or magnitude of the international reputation, there can be certain factors which assists in this process. If the trademark is registered in favour of the plaintiff in a jurisdiction abroad, said fact would demonstrate : -

- (i) That the proprietor has declared to the world that the subject matter is its trademark;
- (ii) That the declaration has been made in a public record open to inspection under the Trademark Laws of most jurisdictions; and
- (iii) That in all probability, the Registering Authority of the registering country satisfied itself that the mark was distinctive and therefore, capable of distinguishing the Registrant's Trademark from those of other traders.”

77. Soon thereafter, the issue cropped up again before another Division Bench of our Court in **Intex Technologies (India) Ltd. & Anr. Vs. AZ Tech (India) Ltd.**¹⁴ Noticing the explanation of the concept of reputation and goodwill as appearing in the seminal work of Kerly's on Trademarks, the Court held as follows: -

“11. A reference was also made to Kerly's Law of Trade Mark and Trade Names (13th Edition) (Sweet and Maxwell) and, in particular, to the following passage at pages 419 to 420:—

“Reputation

It is essential to the success of any claim in respect of passing off, based on the use of a given mark, get-up or other indication of origin, for the claimant to show that this had (at the relevant date) become by user in this Country distinctive, to some section of the public, if not of the claimant's goods or business alone, at least of a defined class of goods or business to which those of the claimant belong.

“It is, of course, essential to the success of any claim in respect of passing off based on the use of a given mark or get up that the plaintiff should be able to show that the disputed mark or get up has become by user in this country distinctive of the plaintiff's goods so that the use in relation to any goods of the kind dealt in by the plaintiff or that mark or get up will be understood by the trade

¹⁴ 2017 SCC Online Del 7392



and the public in this country as meaning that the goods are the plaintiff's goods. The gist of the action is that the plaintiff, by using and making known the mark or get up in relation to his goods, and thus causing it to be associated or identified with those goods, has acquired a quasi-proprietary right to the exclusive use of the mark or get up in relation to goods of that kind, which right is invaded by any person who, by using the same or some deceptively similar mark or get up in relation to goods not of the plaintiff's manufacture, induces customers to buy from him goods not of the plaintiff's manufacture as goods of the plaintiff's manufacture, thereby diverting to himself orders intended for and rightfully belonging to the plaintiff.”

The mark or other indication concerned need not be universally known. A small trader with limited clientele is as much entitled to protect his brands and business name as any large concern. The overriding consideration, in judging extent of reputation, is whether the claimant has built up a goodwill to the point where substantial damage will be caused to it by the acts he complains of.

The relevant date, when it comes to proving reputation is the date when the defendant commenced the acts complained of.”

20.Reference was also made to Kerly's Law of Trade Marks and Trade Names, 15th Edition (Sweet and Maxwell) on the aspect of goodwill and reputation. The reference was made to the following passages:—

“3. Goodwill

18-024 Goodwill in the jurisdiction is a requirement of the tort of passing off. Goodwill and reputation are closely linked; there can be no goodwill in a sign or other indication unless it is known to the public and distinguishes the goods or services in relation to which it is used. In the context of passing off, goodwill has been stated to represent, in connection with any business or business product, the value of the attraction to customers which the name and reputation possesses. It is often described as “the attractive force which brings in custom”, an extract from the classic statements concerning goodwill in *IRC v. Muller's Margarine*¹ by Lords Macnaghten and Lindley. The nature of goodwill, and the nature of the business or customer base within the jurisdiction required to establish goodwill in England and Wales as compared with other common law jurisdictions will be considered in detail the section on goodwill below.



DISTINGUISHING BETWEEN REPUTATION AND GOODWILL

18-025 The concepts of reputation and goodwill are very closely related, not least because they are generated in the vast majority of cases by the same trading activity. However, it will aid understanding of difficult cases to have clearly in mind the difference between reputation and goodwill, since they are not synonymous. As “the attractive force which brings in custom”, goodwill is a form of legal property, representing the connection between business and customer. Reputation is a matter of fact : to what extent is the indicium in question known in the public mind? The existence of reputation does not require there to be a business in this country, whereas there must be some business or market in this country for goodwill to exist.

18-026 The cases concerning the territoriality of goodwill (discussed below) demonstrate the distinction between goodwill and reputation. If goods bearing the relevant indicia are in or about to be² in circulation in this country, then both reputation and goodwill exist here, even if the goods are known here (reputation) and the public would buy the goods if they were available here. The provision of services creates different problems. If the services are in fact provided abroad, the presence of customers here would appear to establish reputation but not goodwill unless some business was actually transacted here, for example by way of bookings made from within the jurisdiction. Although the Court of Appeal in *Cipriani* indicated that requirement for direct bookings in the case of overseas services might well be reviewed in an appropriate case it did not do so on the basis that on the facts in that case, whatever the precise test the defendants had failed to establish a concurrent goodwill within the United Kingdom at the relevant date.”

(underlining added)

21. The above extract makes it clear that goodwill in the jurisdiction is a necessary ingredient of the tort of passing off and that although goodwill and reputation are closely linked, they are not necessarily the same thing. For example, an internationally known mark may have a reputation in this country, but yet have no goodwill because there are no sales of the product under that mark in this country. In the above extract, it has been clearly indicated that goodwill is the attractive force which brings in custom and is a form of legal property representing the connection between the business and customer. Whereas, reputation is a matter of fact and



its existence does not require that there should be a business in this country. However, there must be some business or market in this country for goodwill to exist.

22. Based on the submissions made by the learned counsel for the parties, this much is clear that the establishment of goodwill is an essential ingredient of the tort of passing off. There is also a clear distinction between reputation and goodwill. Thus, while the respondents and, in particular, the respondent No. 2 may have a reputation in Hong Kong or in other parts of the world insofar as its mark “AQUA” is concerned, it cannot be regarded as having a goodwill in India unless and until there are sales and an established market in India. It is also evident that insofar as a registered trade mark is concerned, the property exists in the mark, but in the case of passing off, the property is not in the mark but in the goodwill. The establishment of goodwill is indicated by the extent of sales and the advertising expenses etc. We agree with Mr. Sudhir Chandra that the decision in *Century Traders*(supra) may have been misunderstood and perhaps misapplied in a number of cases.”

78. That only leaves us to consider the judgment of our Supreme Court in *Toyota* and which constitutes the locus classicus on the subject of transborder reputation. Dealing with the subject of cross border reputation and goodwill, the Supreme Court had in that decision observed as under: -

“28. Whether a trade mark is to be governed by the territoriality principle or by universality doctrine? Prof. Christopher Wadlow in his book *The Law of Passing-Off* [*The Law of Passing-Off* 5th Edn., Sweet & Maxwell, 1990] has analysed the problem and its possible resolution in the following words:

“in the worst case, an international company seeking to expand into a new territory may find itself blocked by a small business already trading under the same name or style, perhaps on a minuscule scale; and perhaps having been set up for the very same purpose of blocking anticipated expansion by the claimant or being bought out for a large sum. On the other hand, a rule of law dealing with this situation has to avoid the opposite scenario of bona fide domestic traders finding themselves open to litigation at the suit of unknown or barely-known claimants from almost anywhere in the world. Some of the more radical proposals for changing the law to assist



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foreign claimants ignore the need for this balancing exercise, without which the opportunities for abuse are simply increased, and further uncertainty created.”

29. The view of the courts in UK can be found in the decision of the UK Supreme Court in *Starbucks (HK) Ltd. v. British Sky Broadcasting Group* [*Starbucks (HK) Ltd. v. British Sky Broadcasting Group*, (2015) 1 WLR 2628 : 2015 UKSC 31] wherein Lord Neuberger observed as follows: (WLR p. 2643 E-G, para 52)

“52. As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough.... The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction, but it is not necessary that the claimant actually has an establishment or office in this country. In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for a claimant to show that there are people in this jurisdiction who happen to be its customers when they are abroad. However, it could be enough if the claimant could show that there were people in this jurisdiction who, by booking with, or purchasing from, an entity in this country, obtained the right to receive the claimant's service abroad. And, in such a case, the entity need not be a part or branch of the claimant: it can be someone acting for or on behalf of the claimant.”

30. It seems that in *Starbucks (HK) Ltd. v. British Sky Broadcasting Group* [*Starbucks (HK) Ltd. v. British Sky Broadcasting Group*, (2015) 1 WLR 2628 : 2015 UKSC 31], the Apex Court of UK had really refined and reiterated an earlier view in *Athletes' Foot Mktg. Associates Inc. v. Cobra Sports Ltd.* [*Athletes' Foot Mktg. Associates Inc. v. Cobra Sports Ltd.*, 1980 RPC 343] to the following effect:

“... no trader can complain of passing-off as against him in any territory ... in which he has no customers, nobody who is in trade relation with him. This will normally shortly be expressed by stating that he does not carry on any trade in that particular country ... but the inwardness of it will be that he has no customers in that country ...”

31. A passing reference to a similar view of the Federal Court of Australia in *Taco Bell v. Taco Co. of Australia* [*Taco Bell v. Taco Co. of Australia*, (1981) 60 FLR 60 (Aust)] may also be made.



32. Prof. Christopher Wadlow's view on the subject appears to be that the test of whether a foreign claimant may succeed in a passing-off action is whether his business has a goodwill in a particular jurisdiction, which criterion is broader than the "obsolete" test of whether a claimant has a business/place of business in that jurisdiction. If there are customers for the claimant's products in that jurisdiction, then the claimant stands in the same position as a domestic trader.

33. The overwhelming judicial and academic opinion all over the globe, therefore, seems to be in favour of the territoriality principle. We do not see why the same should not apply to this country.

34. To give effect to the territoriality principle, the courts must necessarily have to determine if there has been a spillover of the reputation and goodwill of the mark used by the claimant who has brought the passing-off action. In the course of such determination it may be necessary to seek and ascertain the existence of not necessarily a real market but the presence of the claimant through its mark within a particular territorial jurisdiction in a more subtle form which can best be manifested by the following illustrations, though they arise from decisions of courts which may not be final in that particular jurisdiction.

35. In *LA Societe Anonyme Des Anciens Etablissements Panhard v. Panhard Levassor Motor Co. Ltd.* [LA Societe Anonyme Des Anciens Etablissements Panhard v. Panhard Levassor Motor Co. Ltd., (1901) 2 Ch 513] , the plaintiffs were French car manufacturers who had consciously decided to not launch their cars in England (apprehending patent infringement). Nevertheless, some individuals had got them imported to England. It was seen that England was one of the plaintiff's markets and thus, in this case, permanent injunction was granted. Similarly in *Grant v. Levitt* [Grant v. Levitt, (1901) 18 RPC 361] , a Liverpool business concern trading as the Globe Furnishing Company, obtained an injunction against the use of the same name in Dublin as it was observed that advertisements by the plaintiff had reached Ireland and there were Irish customers.

36. *C&A Modes v. C&A (Waterford) Ltd.* [C&A Modes v. C&A (Waterford) Ltd., 1976 IR 198 (Irish)] , was a case where the plaintiffs operated a chain of clothes stores throughout the UK and even in Northern Ireland but not in the Republic of Ireland where the defendants were trading. The Court held that,

"a very substantial and regular custom from the Republic of Ireland was enjoyed by this store. Up to that time an excursion train travelled each Thursday from Dublin to Belfast, and so great was



the influx of customers from the Republic as a result of that excursion that the store ordinarily employed extra part-time staff on Thursday on the same basis as it did on Saturday which were normally the busiest shopping days.”

The said view has since been upheld by the Irish Supreme Court.

79. Testing the case of the appellant on the aforesaid principles, the Supreme Court on facts held as under:-

“38. The next exercise would now be the application of the above principles to the facts of the present case for determination of the correctness of either of the views arrived at in the two-tier adjudication performed by the High Court of Delhi. Indeed, the trade mark “Prius” had undoubtedly acquired a great deal of goodwill in several other jurisdictions in the world and that too much earlier to the use and registration of the same by the defendants in India. But if the territoriality principle is to govern the matter, and we have already held it should, there must be adequate evidence to show that the plaintiff had acquired a substantial goodwill for its car under the brand name “Prius” in the Indian market also. The car itself was introduced in the Indian market in the year 2009-2010. The advertisements in automobile magazines, international business magazines; availability of data in information-disseminating portals like Wikipedia and online Britannica Dictionary and the information on the internet, even if accepted, will not be a safe basis to hold the existence of the necessary goodwill and reputation of the product in the Indian market at the relevant point of time, particularly having regard to the limited online exposure at that point of time i.e. in the year 2001. The news items relating to the launching of the product in Japan isolatedly and singularly in *The Economic Times* (issues dated 27-3-1997 and 15-12-1997) also do not firmly establish the acquisition and existence of goodwill and reputation of the brand name in the Indian market. Coupled with the above, the evidence of the plaintiff's witnesses themselves would be suggestive of a very limited sale of the product in the Indian market and virtually the absence of any advertisement of the product in India prior to April 2001. This, in turn, would show either lack of goodwill in the domestic market or lack of knowledge and information of the product amongst a significant section of the Indian population. While it may be correct that the population to whom such knowledge or information of the product should be available would be the section of the public dealing with the product as



distinguished from the general population, even proof of such knowledge and information within the limited segment of the population is not prominent.

39. All these should lead to us to eventually agree with the conclusion of the Division Bench of the High Court that the brand name of the car Prius had not acquired the degree of goodwill, reputation and the market or popularity in the Indian market so as to vest in the plaintiff the necessary attributes of the right of a prior user so as to successfully maintain an action of passing-off even against the registered owner. In any event the core of the controversy between the parties is really one of appreciation of the evidence of the parties; an exercise that this Court would not undoubtedly repeat unless the view taken by the previous forum is wholly and palpably unacceptable which does not appear to be so in the present premises.

40. If goodwill or reputation in the particular jurisdiction (in India) is not established by the plaintiff, no other issue really would need any further examination to determine the extent of the plaintiff's right in the action of passing-off that it had brought against the defendants in the Delhi High Court. Consequently, even if we are to disagree with the view of the Division Bench of the High Court in accepting the defendant's version of the origin of the mark "Prius", the eventual conclusion of the Division Bench will, nonetheless, have to be sustained. We cannot help but also to observe that in the present case the plaintiff's delayed approach to the courts has remained unexplained. Such delay cannot be allowed to work to the prejudice of the defendants who had kept on using its registered mark to market its goods during the inordinately long period of silence maintained by the plaintiff."

80. Having observed the line of reasoning adopted by courts across various jurisdictions, we note that the Calcutta High Court had recognised reputation acquired by a trademark to constitute an important factor while evaluating claims of transnational spill-over of reputation. *Allergan* recognised a right of a person to sue for passing off based upon an international reputation notwithstanding it having no commercial presence in the country concerned. The said decision took cognizance of the dynamic nature of the digital landscape



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enabling easy access to global information, the widespread reach of international commerce, of advanced means of communication to come to conclude that reputation could very well spill over or permeate across borders irrespective of any actual commercial activity being undertaken by that entity in the other country. It accepted the view expressed in **N.R. Dongre Vs. Whirlpool¹⁵** by this Court to come to the conclusion that knowledge and reputation of a product could in the contemporary era traverse and transcend physical borders and boundaries. Reputation and goodwill were thus recognised to have extraterritorial reach allowing a trademark to travel beyond the country in which the goods may be physically available.

81. Murlidhar J. of our Court in *Cadbury* took a similar view holding that reputation need not be “local” and that it is not necessary for a plaintiff to establish presence or sale of its products within the country provided it is able to prove a spillover reputation. *Cadbury* assumes added significance when it held that while goodwill may be derived from reputation, the latter need not necessarily be “local reputation”. Both the decisions in *Allergan* and *Cadbury* thus clearly appear to have acknowledged cross border reputation as being sufficient to maintain an action of passing off and thus unhinged from goodwill as traditionally understood. It is pertinent to note that both *Allergan* as well as *N.R. Dongre* were ultimately upheld by the Supreme Court.

¹⁵ AIR 1995 Delhi 300



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82. The Division Bench in *MAC Personal Care* reiterated the position consistently adopted by this Court in line with the precedents noticed above when it held that a spillover of international reputation and renown would be sufficient for a claim of passing off being maintained. The Court in *MAC Persona Carel* proceeded to pertinently observe that the product need not have a “*commercial*” presence in India for such an action being initiated. The tests in this regard were formulated to be the existence of an international reputation and its spill over in India.

83. While *Intex* came to be rendered subsequently, it did not notice the judgment in *MAC Personal Care*. It then proceeded to hold that goodwill in the jurisdiction is an essential ingredient for a passing off action. *Intex* thus formulated the legal position to be of marks being disentitled to protection since they could not be regarded as having a goodwill “*unless and until there are sales and an established market in India.*” We deem it apposite to enter two observations insofar as *Intex* is concerned. We note that while extracting Kerly’s, it failed to accord due consideration upon the flux in the legal position which was noticed by the learned author with it being observed that the Court of Appeal in Cipriani had chosen to desist from commenting upon overseas services being availed by payments within the country leaving that aspect open to be considered in an appropriate case. This aspect assumes significance insofar as we are concerned since the appellant here bases its cross border reputation on the significant number of downloads of its app by customers in India albeit for



services to be availed of overseas. Quite apart from *Intex* having failed to notice a decision rendered by a Bench of coequal strength, we are constrained to observe that the test of “*established market in India*” may not sustain in light of the judgment in *Toyota* as would be evidenced from the discussion which follows.

84. *Toyota* while dealing with the subject of transborder reputation had an occasion to notice the decision of the UKSC in *Starbucks* as well as numerous other judgments handed down by various courts straddling diverse jurisdictions. However, we find that while viewing *Starbucks* we tend to overlook the penultimate lines appearing in para 52 of that decision which categorically holds that it would be sufficient if it be found that people within the jurisdiction of the United Kingdom were “*booking with or purchasing from an entity in this country*” and had obtained the right to receive services abroad. Thus the right to avail services abroad from an entity operating within the country would even as per *Starbucks* be sufficient or at least be relevant for the purposes of evaluating a claim of cross border reputation of a trademark.

85. The Supreme Court in *Toyota* then went on to approve the summation of the territoriality principle as elucidated by Prof. Christopher Wadlow who had observed that goodwill would be established if the claimant were to establish the existence of a customer base in a particular jurisdiction and thus being broader than the archaic view of a “*place of business in that jurisdiction*”. The learned author had gone further to observe that once customers for a



claimants product are found to exist, then the claimant would stand in the same position as any other domestic trader.

86. In *Toyota*, we find that the Supreme Court has at more than one place used the expressions reputation and goodwill conjunctively and in any case neither overemphasising nor according pre-eminence to the necessity of goodwill. *Toyota* also does not prescribe goodwill to be the primordial or predominant factor for the purposes of ascertaining cross border reputation. This is evident from para 34 of the report when it was observed that courts would have to answer the question of a spillover of “*reputation and goodwill*”. Again in para 38 of the report, the Supreme Court spoke of “*....necessary goodwill and reputation of the product in the Indian market*”. In the very same breath, the Supreme Court once again observed that the appellant had failed to establish the existence of goodwill and reputation of its brand name in the Indian context. In para 40 of the report it went on to hold that if “*goodwill or reputation*” is not shown to be existent, the action of passing off must fail.

87. We find from a reading of the judgment in *Toyota*, the Supreme Court had noticed the decision of the UKSC in *Starbucks*. In *Starbucks*, the UKSC had an occasion to exhaustively consider how courts across varied jurisdictions had treated the subject of cross border reputation. *Starbucks* was called upon to consider a submission that bearing in mind the technological advances made, goodwill should no longer be limited to jurisdictions where the claimant had an actual business. It appears to have been urged that the exponential



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growth of international travel and the ubiquitous imprint of the internet would warrant a jettisoning of the traditional principle of anchoring of goodwill to a particular jurisdiction. While dealing with this contention, the UKSC made the following pertinent observations:-

“28. On behalf of PCCM, Mr Silverleaf contended that the notion that goodwill should be limited to jurisdictions where the claimant had business is wrong in principle: the question of where the claimant had goodwill was a matter of fact and evidence, not a matter of law. Further, in the present age of “international travel and the presence of the Internet”, he argued that it would be anachronistic and unjust if there was no right to bring passing off proceedings, particularly in relation to an electronically communicated service, in a jurisdiction where, as a matter of fact, the plaintiff’s mark had acquired a reputation. He suggested that the mere fact that the customers are in Hong Kong when they enjoy the service should not undermine PCCM’s case that they have such a reputation here which deserves to be protected. He also submitted that the law would be arbitrary if PCCM had no right to bring passing off proceedings despite having a reputation in this country simply because users did not pay when they viewed PCCM’s programmes free on the websites.

31. Lord Diplock’s suggestion in the Star Industrial case [1976] FSR 256 that, if business is carried on in more than one country there is a separate goodwill in each country, has been questioned in more than one domestic case. Thus, in two first instance decisions, Graham J suggested that the geographical boundaries of any goodwill should be a question of fact in each case, rather than one of law: see Baskin-Robbins Ice Cream Co v Gutman [1976] FSR 545, 547–548 and Maxim’s Ltd v Dye [1977] 1 WLR 1155, 1159, 1162. Megarry V-C in Metric Resources Corp v Leasematrix Ltd [1979] FSR 571, 579 also expressed some doubt about Lord Diplock’s view on this point. And Lord Diplock’s analysis was described as not being “an exactly accurate rendering of what was said in Inland Revenue Comrs v Muller’s Margarine Ltd ” by Lloyd LJ (with whom Jacob and Stanley Burnton LJ agreed) in Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd [2010] Bus LR 1465, para 99, although Lloyd LJ clearly considered that the actual decision in the Star Industrial case [1976] FSR 256 was correct. As he concluded, however, in para 106, the Anheuser-Buschcase was binding authority “for the proposition that an



undertaking which seeks to establish goodwill in relation to a mark for goods cannot do so, however great may be the reputation of his mark in the UK, unless it has customers among the general public in the UK for those products.

32. So far as the Anheuser-Busch case [1984] FSR 413 is concerned, as I have already indicated, the fact that the decision proceeded on the basis that a plaintiff in a passing off action must have goodwill, in the form of customers, in the jurisdiction did not represent any departure from an approach already approved by the House of Lords. As Oliver LJ pointed out, at p 464, Lord Diplock in the Erven Warnink case [1979] AC 731, 744 stated that a plaintiff must have “used the descriptive term long enough on the market in connection with his own goods and have traded successfully enough to have built up a goodwill for his business”, and, as Oliver LJ then observed, this “emphasises the point that goodwill (as opposed to mere reputation) does not exist here apart from a business carried on here”. As Oliver LJ went on to say, the same feature “emerges with even greater clarity from the decision of the Privy Council in the Star Industrial case”. And Dillon LJ in the Anheuser-Busch case [1984] FSR 413, 475–476 cited the Spalding case 32 RPC 273, the Star Industrial case [1976] FSR 256 and Inland Revenue Comrs v Muller & Co’s Margarine Ltd [1901] AC 217 to make the same point.”

88. Turning its gaze then upon the judgments rendered on the question of a spillover of reputation, the UKSC exhaustively reviewed the various decisions handed down by courts in the United Kingdom as well as those pronounced by Irish, Singaporean and Hong Kong courts as well as a lucid decision rendered by the Federal Court of Australia in **Conagra Inc. V. McCain Foods (Aust) Pty Ltd**¹⁶. On conclusion of that review, the UKSC repelled the argument of goodwill being no longer anchored or confined to a particular jurisdiction by observing as follows:-

“**49.** It is of course open to this court to develop or even to change the law in relation to a common law principle, when it has become

¹⁶ (1992) 106 ALR 465



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archaic or unsuited to current practices or beliefs. Indeed it is one of the great virtues of the common law that it can adapt itself to practical and commercial realities, which is particularly important in a world which is fast changing in terms of electronic processes, travel and societal values. None the less, we should bear in mind that changing the common law sometimes risks undermining legal certainty, both because a change in itself can sometimes generate uncertainty and because change can sometimes lead to other actual or suggested consequential changes.

50. In addition to domestic cases, it is both important and helpful to consider how the law has developed in other common law jurisdictions—important because it is desirable that the common law jurisdictions have a consistent approach, and helpful because every national common law judiciary can benefit from the experiences and thoughts of other common law judges. In the present instance, the Singapore courts follow the approach of the UK courts, whereas the courts of Australia (subject to the High Court holding otherwise) and South Africa seem to favour the approach supported by PCCM. The position is less clear in other Commonwealth jurisdictions. In the United States of America, the approach appears to be consistent with that of the courts below in this case. Thus in *Grupo Gigante SA De CV v Dallo & Co Inc* (2004) 391 F 3d 1088, the Court of Appeals for the 9th circuit said, at p 1093, that “priority of trademark rights in the United States depends solely on priority of use in the United States, not on priority of use anywhere in the world. Earlier use in another country usually just does not count”. Accordingly it does not appear to me that there is anything like a clear trend in the common law courts outside the UK away from the “hard line” approach manifested in the UK cases discussed in paras 21–26 and 32–36 above.”

89. It then proceeded to consider as to what would constitute sufficient business to give rise to goodwill. While dealing with the said aspect, the UKSC observed thus:-

“51. Particularly in the light of what has been said in some of the cases discussed above, it appears that there are two connected issues which justify further discussion, namely (i) clarification as to what constitutes sufficient business to give rise to goodwill as a matter of principle, and (ii) resolution of the judicial disagreement as to the jurisdictional division of goodwill described by Lord Diplock in the *Star Industrial* case [1976] FSR 256.



52. As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough, as the cases cited in paras 21–26 and 32–36 above establish. The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction, but it is not necessary that the claimant actually has an establishment or office in this country. In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for a claimant to show that there are people in this jurisdiction who happen to be its customers when they are abroad. However, it could be enough if the claimant could show that there were people in this jurisdiction who, by booking with, or purchasing from, an entity in this country, obtained the right to receive the claimant's service abroad. And, in such a case, the entity need not be a part or branch of the claimant: it can be someone acting for or on behalf of the claimant. That is why, as explained in the Athlete's Foot case [1980] RPC 343, the decision in the Panhard case [1901] 2 Ch 513 and the observations in the Pete Waterman case [1993] EMLR 27 are compatible with the decision in the Alain Bernardin case [1967] RPC 581.

53. As to Lord Diplock's statement in the Star Industrial case [1976] FSR 256 that, for the purpose of determining whether a claimant in a passing off action can establish the first of Lord Oliver's three elements, an English court has to consider whether the claimant can establish goodwill in England, I consider that it was correct. In other words, when considering whether to give protection to a claimant seeking relief for passing off, the court must be satisfied that the claimant's business has goodwill within its jurisdiction."

90. Seeking to draw sustenance for the proposition of goodwill being territorial, *Starbucks* held as under:-

“**59.** Professor Wadlow has, in my judgment, correctly summarised the position in The Law of Passing-off Unfair Competition by Misrepresentation , 4th ed (2011), para 3-131:

“The reason why goodwill is territorial is that it is a legal proprietary right, existing or not in any jurisdiction according to whether the laws of that jurisdiction protect its putative owner. Goodwill in the legal sense is therefore something more than bare reputation ... The distinction between goodwill in the legal sense



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and reputation in the everyday sense is like that between copyright and the underlying literary work. It may be surprising, and even inconvenient, that at the moment a literary work is reduced to writing tens or hundreds of legally distinct copyrights may simultaneously come into existence all over the world, but the nature of copyright as a legal right of property arising in any given jurisdiction from national legislation, common law or self-executing Treaty means that it must be wrong to speak as if there were a single international copyright.”

60. This analysis can be said with some justification to involve some fine distinctions, and on some occasions to lead to some difficult questions of fact and to result in some decisions which could appear rather harsh. However, any decision as to what a claimant must show in order to establish the first element of Lord Oliver’s trilogy of elements or requirements will involve fine distinctions, and will sometimes involve difficult or harsh cases. I am unconvinced that if we accept the conclusion of the courts below, supported by Sky, it would be likely to lead to more arguable unfairnesses or difficulties than if we adopted PCCM’s case.

61. It is also necessary to bear in mind the balancing exercise underlying the law of passing off, which Somers J described in *Dominion Rent A Car* [1987] 2 TCLR 91, 116 as “a compromise between two conflicting objectives, on the one hand the public interest in free competition, on the other the protection of a trader against unfair competition by others”. More broadly, there is always a temptation to conclude that, whenever a defendant has copied the claimant’s mark or get-up, and therefore will have benefited from the claimant’s inventiveness, expenditure or hard work, the claimant ought to have a cause of action against the defendant. Apart from the rather narrower point that passing off must involve detriment to the claimant, it is not enough for a claimant to establish copying to succeed. All developments, whether in the commercial, artistic, professional or scientific fields, are made on the back of other people’s ideas: copying may often be an essential step to progress. Hence, there has to be some balance achieved between the public interest in not unduly hindering competition and encouraging development, on the one hand, and on the other, the public interest in encouraging, by rewarding through a monopoly, originality, effort and expenditure—the argument which is reflected in Turner LJ’s observation in *Maxwell v Hogg* LR 2 Ch App 307, 312 to the effect that a plaintiff who has merely advertised, but not marketed, his product, has given no consideration to the public in return for his claimed monopoly. In



the instant case, the assessment of the appropriate balance between competition and protection, which arises in relation to any intellectual property right, must be made by the court, given that passing off is a common law concept.

62. If it was enough for a claimant merely to establish reputation within the jurisdiction to maintain a passing off action, it appears to me that it would tip the balance too much in favour of protection. It would mean that, without having any business or any consumers for its product or service in this jurisdiction, a claimant could prevent another person using a mark, such as an ordinary English word, “now”, for a potentially indefinite period in relation to a similar product or service. In my view, a claimant who has simply obtained a reputation for its mark in this jurisdiction in respect of his products or services outside this jurisdiction has not done enough to justify granting him an effective monopoly in respect of that mark within the jurisdiction.

63. I am unpersuaded that PCCM’s case is strengthened by the fact that we are now in the age of easy worldwide travel and global electronic communication. While I accept that there is force in the point that the Internet can be said to render the notion of a single international goodwill more attractive, it does not answer the points made in paras 51–59 above. Further, given that it may now be so easy to penetrate into the minds of people almost anywhere in the world so as to be able to lay claim to some reputation within virtually every jurisdiction, it seems to me that the imbalance between protection and competition which PCCM’s case already involves (as described in paras 60–62 above) would be exacerbated. The same point can be made in relation to increased travel: it renders it much more likely that consumers of a claimant’s product or service abroad will happen to be within this jurisdiction and thus to recognise a mark as the claimant’s. If PCCM’s case were correct, it would mean that a claimant could shut off the use of a mark in this jurisdiction even though it had no customers or business here, and had not spent any time or money in developing a market here – and did not even intend to do so.”

91. As would be evident from the aforesaid passages of that decision, the UKSC chose to tread down the narrower path and accepted the existence of goodwill being continued to be governed by principles of domestic grounding and territorial limitations and the same, thus, constituting an essential ingredient for an action of passing



off. However, while doing so it felt bound by precedents which had consistently ordained goodwill to be the primary condition and on which alone a claim of passing off would sustain. The UKSC appears to have been convinced to tread that line and navigating along a restricted course by desisting from jettisoning the well-established and engrained common law principles bearing in mind the need to balance the public interest and for protection being accorded to domestic industry and tradesmen. It clearly appears to have borne in consideration the chilling effect of a cross border reputation being accepted without any goodwill existing in the domestic market and thus stifling the sustenance and growth of domestic industry.

92. However, the UKSC also considered the concept of well-known marks which had come to be adopted and incorporated in trademark statutes across the globe pursuant to the Paris Convention. This is evident from paragraph 64 of the report which is extracted hereinbelow:-

“64. A rather different factor which militates against PCCM’s case is section 56 of the Trade Marks Act 1994 which gives effect to article 6(bis) of the Paris Convention) and is concerned with “well known marks”. By virtue of subsection (1), section 56 applies to a mark which is owned by a person who is domiciled or has a business in a Convention country and which is “well known in the United Kingdom”. Section 56(2) entitles such a person to “restrain by injunction the use in the United Kingdom of a trade mark which, or the essential part of which, is identical or similar to his mark, in relation to identical or similar goods or services, where the use is likely to cause confusion”. This provision is significant in the present context because it substantially reduces the likelihood of the sort of harsh results referred to at the start of para 60 above. It means that, where a mark which is used abroad and has a reputation in this country, it still can be protected if it satisfies



section 56(1), even if the proprietor of the mark cannot establish any customers or sufficient goodwill in this jurisdiction.”

93. Before closing the review on the subject of extraterritorial reputation, we deem it apposite to notice the decision handed down by the Federal Court of Australia in *Conagra* and which had also fallen for consideration of the UKSC in *Starbucks*. The Australian Federal Court while answering the tests to be applied to meet the precept of local connection had observed as follows:-

“It is now beyond argument that the plaintiff’s right which the law of passing off protects is a proprietary right in the goodwill or reputation of his business likely to be injured by the defendant’s conduct. I do not consider that this Court, sitting as a Full Court, is bound by any decisions of higher or equal authority on the question of the necessity or otherwise of local business in the forum. But the cases provide considerable assistance in resolving this difficult question.

On examination of the relevant authorities it becomes clear that the basis of the cause of action lies squarely in misrepresentation, for its underlying rationale is to prevent commercial dishonesty. The tort of passing off protects the business of the plaintiff with its many facets: its assets, goodwill and reputation. It stops persons and companies gaining a commercial advantage through wrongfully taking the attributes of another’s business if it causes or is likely to cause that other person’s business some damage.

Using goodwill as the crucial facet of a business upon which to focus passing off actions has problems. The cases on passing off have attempted to define the term “goodwill” with reference to cases involving the construction of revenue statutes. Lord Macnaghten’s speech in *Muller* (at 223-4) is the classic statement most frequently adopted. His Lordship did state (at 224): “if there is one attribute common to all cases of goodwill it is the attribute of locality. For goodwill has no independent existence. It cannot subsist by itself. It must be attached to a business.”

Nevertheless his Lordship recognized: “No doubt, where the reputation of a business is very widely spread or where it is the article produced rather than the producer of the article that has won popular favour, it may be difficult to localize goodwill.”



The speeches of their Lordships in *Muller* are, however, all to be seen in the context of that case which involved the question whether the goodwill of the relevant business was properly “locally situate out of the United Kingdom” within the meaning of the Stamp Act 1981 (UK). Hence, the speeches were directed to the question whether goodwill can have a separate locality from the business to which it is attached and it was this question that caused the dissent of the Lord Chancellor, the Earl of Halsbury.

Similarly, the reasons of the High Court in the *Ford* case concerned the construction of a revenue statute, (s 34(4) of the Income Tax Assessment Act 1936 (Old)). The statements at 272 of the judgment must be read in light of that fact.

Reputation is the key business facet that passing off protects. In my view, the “requirement” of goodwill was not meant to have a different meaning to reputation and its inclusion only serves to complicate the matter. Further, by using the notion of reputation as distinct from goodwill, the law of passing off is not trammelled by definitions of goodwill developed in the field of revenue law.

It is quite right to say that the reputation of a business cannot be severed from the business itself or a person who owns it, each is inevitably intertwined with the other. Reputation is a result of the carrying on of business. But it is, in my view, quite wrong to assert in 1992 that the law of passing off cannot protect a plaintiff or his goods (or services) in a country where he does not carry on business or has ceased to carry on business or has not place of business. In most cases a plaintiff does have a physical presence of some kind in the forum either through a physical location such as an office, factory or warehouse or by the presence of a market for his goods, being sold or distributed by himself or his agent, but in my opinion this is not a necessary element of the tort.

In the United Kingdom there are two opposed lines of authority on the question of whether the tort will protect a plaintiff’s business, goodwill or reputation where there is no business carried on in the United Kingdom. The “hard line” cases require, in addition to any reputation in the United Kingdom, a form of business presence or activity within the jurisdiction or some use of that reputation. However, even within the “hard line” authorities there is inconsistency on the question of the extent or degree of use.

I agree with Cooke P’s comments in the New Zealand *Budget* case that the “hard line” approach may be the result of a reluctance of the courts in the United Kingdom to diminish the test too much



when they are, after all, restraining somebody in their own territory and, as a result, would stifle local competition and enterprise. In earlier times when television and radio were in their infancy and when international trade in domestic goods was less extensive than it is today, it is understandable why the “hard line” cases developed with England separated from foreign plaintiffs by the English Channel and the Atlantic Ocean. But in today’s age of satellite television stations, massive improvements in all forms of global communications and frequent international travel, the maintenance of a “hard line” is no longer defensible, at least in Australia.

Although *Star Industrial* and *Advocaat* are sometimes referred to in certain of the cases and articles by learned authors as supporting the “hard line” approach, in my view Lord Diplock in *Star Industrial* and Lord Diplock and Lord Fraser in *Advocaat* were not directly considering the question of the particular connection with the United Kingdom which is required before a plaintiff can successfully maintain an action for passing off; so the observations of their Lordships must be read with this clearly in mind. In this respect, I agree with the observations of Slade J in *My Kinda Bones*. Further it is interesting to note, as I mentioned earlier, that in the recent decision of the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc*, their Lordships, in describing the elements of the tort of passing off, made no reference to a requirement of local business activities.

The “softer” line of cases do not require an actual place of business or business activity or the presence of customers within the jurisdiction. The rationale for the protection of a trader’s business and reputation was explained convincingly by Graham J in *Baskin-Robbins* at 547-8 (passages cited earlier by me) who stressed that it is impossible to prescribe artificial limits as to geographical areas over which reputation and goodwill can or cannot extend and to states rules as to what a trader must or must not do to prove the existence of his reputation and goodwill; these are questions of fact in each case.

The Canadian and United States cases seem to take a much broader approach but, as was pointed out in the Canadian case of *Orkin*, this may be explicable, at least in part, by the large elements of commonality within North America, not necessarily dependent upon national boundaries of the United States and Canada. Similar considerations apply in my view as between Australia and New Zealand. There obviously must be some link with the forum and, it seems to me, reputation is the most appropriate link. There must be



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evidence of local reputation, but business activities need not be carried on within the forum.

The test for whether plaintiff may succeed in a passing off action is, according to most of the more recent English cases, not that he must have business activities or a place of business in the United Kingdom; but whether, as a question of fact, his business has goodwill or a reputation in England. This is a broader, though more uncertain and elastic, concept than its predecessors. In my view the approach to this question adopted by the Canadian, United States and New Zealand courts, together with the English cases of which *Baskins-Robbins* is one example, are more in harmony with the realities of contemporary business.

The Australian authorities do not present an entirely clear picture. In *Taco Bell*, as mentioned earlier, the judge at first instance and Franki J, a member of the Full Court on appeal, followed fairly closely *Athlete's Foot*, although Deane and Fitzgerald JJ, after noting "a degree of inconsistency in the cases", did not find it necessary to decide the question whether any goodwill or reputation which the appellants possessed was sufficient to base their action for passing off because they disposed of the case on another ground. The High Court in *Turner*, in particular Isaacs J, and the High Court in *Budget* left open the point that arises in this case. However it was made clear by the High Court in *Budget*, that for a plaintiff to succeed, whether he conducts his business here directly or through agents or other intermediaries, the courts will often accept minimal evidence that a business is being carried on, though the cases do not show that this may depend on the extent to which he has a substantial reputation there.

It is no longer valid, if it ever was, to speak of a business having goodwill or reputation only where the business is carried on. Modern mass advertising through television (which reaches by satellite every corner of the globe instantaneously), radio, newspapers and magazines, reaches people in many countries of the world. The international mobility of the world population increasingly brings human beings, and therefore potential consumers of goods and services, closer together and engenders an increasing and more instantaneous awareness of international commodities. This is an age of enormous commercial enterprises, some with budgets larger than sovereign states, who advertise their products by sophisticated means involving huge financial outlay. Goods and services are often preceded by their reputation abroad. They may not be physically present in the market of a particular



country, but are well known there because of the sophistication of communications which are increasingly less limited by national boundaries, and the frequent travel of residents of many countries for reasons of business, pleasure or study.

In my opinion, the “hard line” cases in England conflict with the needs of contemporary business and international commerce. A trader’s reputation may be injured locally by many means. A trader may have a famous and well known commodity, yet a person, totally unconnected with him, may in a country where the trader’s goods are not sold and where he has no place of business nevertheless cause confusion in the marketplace and lead the consumers to believe that a business connection exists between the two. The local person may produce a product inferior in quality to the product of the overseas trader and this may taint irreparably the reputation of the original product and of its maker. The reality of modern international business is that contemporary consumers are not usually concerned about the actual location of the premises of a company or the site of its warehouse or manufacturing plant where the goods are produced, but they are concerned with maintenance of a high level of quality represented by internationally known and famous goods.

The requirement in some of the cases that a very slight form of business activity is sufficient is really a somewhat artificial concept. The real question is whether the owner of the goods has established a sufficient reputation with respect to his goods within the particular country in order to acquire a sufficient level of consumer knowledge of the product and attraction for it to provide custom which, if lost, would likely result in damage to him. This is essentially a question of fact.”

94. It thereafter proceeded to review decisions rendered across various jurisdictions on the aspect of transborder reputation and ultimately came to record its conclusions in the following terms:-

“As I outlined in more detail earlier, it is still necessary for a plaintiff to establish that his goods have the requisite reputation in the particular jurisdiction, that there is a likelihood of deception among consumers and a likelihood of damage to his reputation. But reputation within the jurisdiction may be proved by a variety of means including advertisements on television, or radio or in magazines and newspapers within the forum. It may be established by showing constant travel of people between other countries and



the forum, and that people within the forum (whether residents there or persons simply visiting there from other countries) are exposed to the goods of the overseas owner (see for example *C & A Modes, Orkin and Midas*).

Certainly the law of passing off does not confer protection on the owners of goods who have no reputation in a particular jurisdiction, otherwise they would have an international monopoly with respect to the name, get-up or mark applied to their goods (and services) and may never intend to exploit it in the particular jurisdiction. It is the likelihood of deception among consumers and of damage to reputation that are the critical requirements to establish a case of passing off and they prevent any such unauthorized international monopoly being granted to a plaintiff. A quia timet injunction is a good illustration of this point for, in most cases, while such an injunction will be granted where the plaintiff has at the time of action no relevant business connection with the particular jurisdiction but has a reputation there and has established a likelihood of deception amongst consumers, he must go on to establish a likelihood of damage to his reputation and that he intends to establish in some way his business or sell his goods in that jurisdiction. Indeed, it is the nub of the present case whether the facts sufficiently establish reputation of the appellant and a likelihood of deception among consumers here and damage to the reputation of the appellant, a matter to which I shall turn later.

I will discuss shortly the question of fraud because it bears on which I have just said. It is sufficient for me to say at this stage that proof of fraud on the part of the defendant is a well established means of assisting the plaintiff to prove his case on the ground that the infringer would not have bothered to copy the plaintiff's goods unless he thought it was worth doing so for his own advantage. For reasons which I shall give later, I do not think that by proving fraud on the part of the defendant, the plaintiff can acquire an international monopoly in his reputation unless there exists in the forum reputation in the sense mentioned earlier.

For these reasons, I am of the opinion that it is not necessary in Australia that a plaintiff, in order to maintain a passing off action, must have a place of business or a business presence in Australia; nor is it necessary that his goods are sold here. It is sufficient if his goods have a reputation in this country among persons here, whether residents or otherwise, of a sufficient degree to establish that there is a likelihood of deception among consumers and potential consumers and of damage to his reputation."



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It is pertinent to note that the decision in *Conagra* was reaffirmed by the Federal Court of Australia in **Knott Investments Pty Ltd. v. Winnebago Industries Inc**¹⁷.

95. We note that in **McCarthy on Trademarks and Unfair Competition [5th Ed]**¹⁸ the aspects of international ownership and the territoriality principle has been considered and the discussion on that subject is extracted hereinbelow:-

“INTERNATIONAL OWNERSHIP

29:1 World Priority – Territoriality principles

The United States follows the “Territoriality” Doctrine, Not the “Universality” approach. Under the territoriality doctrine, a trademark is recognized as having a separate existence in each sovereign territory in which it is registered or legally recognized as a mark. The contrary approach is the “universality” theory, which posits that a mark signifies the same source wherever the mark is used in the world.

In the United States, the rule of territoriality of marks “is basic to American trademark law.” Thus, the theory of universality is rejected in the U.S.

The territoriality principle is sometimes applied to “gray market” imports disputes. When seeking to prevent the importation of “genuine goods” or gray market imports, a U.S. importer who has been assigned U.S. ownership of the mark of a foreign manufacturer will argue the “territoriality” principle of justify the separate identity of the mark in the United States. As Judge Leval of the federal court in New York observed in a gray market import case:

Since Holmes’ decision (in *A. Bourjois & Co. v. Katzel*, 260 U.S. 689, 67 Ed. 464, 43 S. Ct. 244, 26 A.L.R. 567 (1923)], the universality principle has faded and has been generally supplanted by the principle of “territoriality”, upon which the Bourjois rulings were based. This principle recognizes that a trademark has a separate legal existence under each country’s laws, and that its proper lawful function is not necessarily to specify the origin or manufacture of a good (although it may incidentally do that), but rather to symbolize the domestic goodwill of the domestic mark-holder so that the consuming public may rely with an expectation of consistency on the domestic reputation earned for the mark by its owner, and the owner of the mark

¹⁷ (2013) FCAFC 59

¹⁸ McCarthy



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may be confident that his goodwill and reputation (the value of the mark) will not be injured through use of the mark by others in domestic commerce.

The Paris Convention Adopts the “Territoriality” Doctrine. The United States is a member of the Paris Union as a signatory of the Paris Convention, Article 6(3) of which states that: “A mark duly registered in a country of the [Paris] Union shall be regarded as independent of marks registered in other countries of the Union, including the country of origin.” United States adherence to the Paris Convention has been viewed as committing U.S. law to the principle of territoriality embodied in Article 6(3). But the Pan-American Convention has been viewed as creating a limited exception to the doctrine of territoriality.

The Paris Convention also provides that a mark and its good will can be validly assigned as to only one nation by the transfer of the right to sell the marked goods in one nation together with “that portion of the business or goodwill located in that country.” Thus, the Paris Convention recognizes that a U.S. registered trademark for foreign-made goods can have a separate legal existence in the United States and that this separate mark its goods will are assignable. That is, manufacturer Alpha may own the mark in France, but exclusive importer Zeta may own the mark in the United States, if it is validly assigned by Alpha. Similarly, a U.S. company with international operations may split the company territorially and sell off the international part of its business, retaining only the domestic portion.

The “Territoriality” Doctrine and Use of a mark Outside the United States. Applying the territoriality principle to the issue of priority of use in the United States, the Fifth Circuit observed:

[Plaintiff] correctly assigns as error the trial court’s admission of evidence of the parties’ foreign trademark usage and occurrences. The concept of territoriality is basic to trademark law; trademark rights exist in each country solely according to that country’s statutory scheme..... “It is well settled that foreign use is ineffectual to create trademark rights in the United States.”.... It is equally well settled that “when trademark rights within the United States are being litigated in an American Court, the decisions of foreign courts concerning the respective trademark rights of the parties are irrelevant and inadmissible.”

Different Owners of the same mark is Different Nations: The Belmora and Meenaxi Decisions. These cases concerned a situation where the plaintiff owned a mark abroad but not in the United States and sought to prevent use or registration of the mark by another who was the first to use in the United States. These cases involved two provisions of the Lanham Act that could be read as inconsistent with the territoriality principle. These provisions arguably could grant superior rights to one



who owns a mark abroad, but not in the United States, allowing it to prevent continued use or registration of that mark by the first user in the United States. The first of these is Lanham Act 43(a) which permits “any person” to sue for a infringement of an unregistered trademark and for false advertising. The second is 14(3) which permits “any person who believes that he is or will be damaged...by the registration of a mark” to petition to cancel a registration if the mark is being used to “misrepresent the source of the goods or services on or in connection with which the mark is used.

The Belmora and Meenaxi decisions considered situations raising the scope of these Lanham Act provisions in the international context. In both cases a major multi-national firm owned and was suing a mark outside the United States. Sometime later an unrelated firm became the senior user in the United States by using the same mark for the same goods in the United States, targeting a market of Americans who had immigrated or travelled from the relevant foreign nation and were familiar with the mark abroad.

In the 2016 Belmora decision of the Fourth Circuit, both parties owned and used the FLANAX trademark for an analgesic: plaintiff Bayer owned the mark in Mexico and later Belmora was the first to use and register the FLANAX mark in the United States. Bayer opted not to use the FLANAX mark in the United States-it sold the same analgesic in the United States under the ALEVE mark. Belmora sold its pain relievers under the FLANAX in the United States using packaging with a color scheme, font size and typeface that imitated that of Bayer’s FLANAX used in Mexico. Belmora also made statements implying that its FLANAX sold in the U.S. was the same analgesic as the FLANAX sold by Bayer in Mexico.

The Fourth Circuit in the 2016 Belmora case held that a plaintiff like Bayer who owned trademark rights only abroad and not in the United States had standing to bring claims and not in the United States has standing to bring claims under both Lanham Act 43(a) and 14(3) against a defendant like Belmora who was a senior user in the U.S. and owned a U.S. registration for the same mark for the same goods. The court made no mention of the territoriality principle. The Belmora decision was criticized by academic commentators for ignoring the territoriality principle.

If the territoriality principle were applied, the fact that Belmora was the senior user in the United States would have resolved the issue of trademark infringement apart from the question of Belmora’s misleading advertising. Plaintiff was held to have standing to sue, primarily focusing on defendant’s allegedly trying to deliberately deceive its’ Mexican-American consumers in the United States into thinking that they were buying plaintiff Bayer’s FLANAX.



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After remand, the Fourth Circuit in 2021 affirmed the decision of the Trademark Board that cancelled the U.S. registration of Belmora's FLANAX mark. The court said that Lanham Act § 14(3) was violated because the evidence showed that Belmora was using the FLANAX mark to misrepresent the source of its FLANAX analgesic by attempting to make U.S. customers mistakenly think it was the same product from the same source as the Bayer FLANAX sold in Mexico.

In a similar factual setting in the 2022 *Meenaxi* case in the Federal Circuit, Coca-Cola owned the marks THUMS UP and LIMCA for beverages in India but did not use or register the marks in the United States. Thereafter, Meenaxi was the first to use and register the same two marks for similar beverages in the United States. Meenaxi also used logos and a slogan that emulated those used by Coca-Cola in India. Coca-Cola petitioned to cancel the registration of Meenaxi's marks based on Lanham Act § 14(3), arguing that Meenaxi's U.S. sales and advertising would cause Indian-American consumers to falsely believe that the U.S. version of THUMS UP and LIMCA was licensed or produced by Coca-Cola. The Federal Circuit reversed the Trademark Board's decision in which the Board relied on the Belmora decision to cancel the registrations of the soft drink marks THUMS UP and LIMCA owned by Meenaxi. The Federal Circuit's majority decision in *Meenaxi* discussed the territoriality doctrine but did not explicitly create a split of authority with the Fourth Circuit. Instead, the Federal Circuit based its decision on the failure of Coca-Cola to prove that it suffered harm in the United States.

Concurring, Judge Reyna in the *Meenaxi* case pointed out the elephant in the room and said that the case should be decided by invoking the territoriality doctrine: "[T]o the extent Coca-Cola relies on damage to its foreign trademark rights to establish statutory standing, the territoriality principle mandates that such an injury does not fall within the 'zone of interests' that Congress intended to protect by enacting § 14 of the Lanham Act." However, as the majority pointed out, Coca-Cola did not rely on damage to its foreign trademark rights, but rather on harm to its U.S. activities. Its evidence failed to prove such harm.

Author's Comment: The issue in cases like *Belmora* and *Meenaxi* is whether trademark rights in the United States should be based solely on the domestic priority rule of the territoriality principle of the Paris Convention or whether the reputation of a foreign mark should prevail in some cases. The Paris Convention is a treaty that has long been a fundamental building block defining international norms for intellectual property. The United States first adhered to the treaty over a hundred and 30 years ago in 1887. While it may not be self-executing in



the United States, its provisions should not be lightly brushed aside by a U.S. court. Of course, in the Twenty-First Century, we are in a world where goods and services can be ordered from a vendor anywhere on the globe with the click of a mouse. Entertainment and news media carry brand names across international borders every second. In such a world, the principle of territoriality seems to be a poor fit.

As discussed in § 29:7, the territoriality doctrine means that there can be different owners of the same mark in different nations. This was illustrated by the Federal Circuit in its 1990 *Persons* decision. The question is whether the Lanham Act can be applied in a way that meshes with the territoriality doctrine in cases where buyers in the United States' are "confused" or "deceived into thinking that the U.S. version of the product is the same thing from the same source as the same-marked product sold abroad. The ideal solution for that kind of possible consumer confusion is the well-known marks rule of the Paris Convention.

Another possible way of reconciling the territoriality principle with cases like *Belmora* and *Meenaxi* would be to presume that the territoriality principle controls when a firm owning the same trademark for the same goods in an- other nation challenges the rights of the first user in the United States. In most cases, the mark will not enjoy a significant reputation in the U.S. and the U.S., senior user will prevail. But the presumption can be rebutted if the challenger proves that its foreign mark has a significant reputation in the U.S. perhaps even if it does not meet the test of the well-known marks rule. And a conflict with the territoriality principle could be avoided, as the Fourth Circuit in *Belmora* suggested, if the court were to recognize that the U.S. senior user owns the mark in the U.S. but to enjoin as false advertising the U.S. senior user's imitation of trade dress and other indicia as well as any false representations that its product is the same as that sold abroad by the challenger.

Is the "Territoriality" Doctrine Obsolete in a World Connected by the Internet? The territoriality principle has been criticized as obsolete in an internet connected world where goods and services can be ordered from a vendor anywhere on the globe with the click of a mouse.

Use of a Mark in United States Foreign Trade. It is clear that use of a mark on goods or services sold by a company in a foreign nation to a customer in the United States is a "use" in United States "commerce" which is within the scope of the Lanham Act. As the Fourth Circuit observed:

Since the nineteenth century, it has been well established that the Commerce Clause reaches the foreign trade. And, for the same length



of time, the Supreme Court has defined foreign trade as trade between subjects of the United States and subjects of a foreign nation.

For example, a Brazilian company's sale of advertising services to U.S. companies by displaying advertisements for U.S. companies' goods on a website directed at Brazilians was held to be a use of a mark in U.S. foreign "commerce" within the scope of the Lanham Act."

96. The subject of marks of repute was elaborately dealt with in the chapter dealing with Federal Anti-Dilution laws where the following discussion finds place:-

**"F. FEDERAL ANTIDILUTION LAW – "FAMOUS"
MARS ONLY**

24:104 What is "famous" mark?

Only Strong Marks Need Apply. Under both state and federal antidilution laws, the general rule is that only very well-known and strong marks need apply for the extraordinary scope of exclusivity given by antidilution laws. Under the 2006 revised federal TDRA, in order to be "famous," a mark must be "widely recognized by the general consuming public of the United States" as a designation indicating a single source of goods or services. That is a difficult and demanding requirement. As the Federal Circuit observed: "It is well-established that dilution fame is difficult to prove."

The Policy Reason for the Fame Requirement. Without a requirement that the plaintiff's mark be very strong or famous, an antidilution statute becomes a rogue law that turns every trademark, no matter how weak, into an anti-competitive weapon. If every trademark could invoke the antidilution remedy and stop uses of all similar marks in every market and every line of trade, this would upset the traditional balance of fair versus free competition that is inherent in trademark law. Such an expansion of the antidilution theory would grant every trademark a right "in gross," contrary to the most basic concepts of what legal rights of exclusion should exist in a trademark.

The 1927 Schechter Proposal. The American concept of an antidilution law is usually said to have originated in the seminal 1927 article by Frank I. Schechter. The Schechter proposal for a different form of trademark protection was limited to situations



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where the junior mark was identical, when the senior user's mark was famous as well as coined or arbitrary, and only if the uses were on noncompeting and non-similar goods or services.

Legislative History of Federal antidilution Laws. The legislative history of the original 1988 bill, the 1996 Act, and the 2006 Revisions strongly indicates that both the International Trademark Association (INTA) and the U.S. Congress intended that the courts should be discerning, selective and rigorous before labeling a mark "famous" so as to qualify for the sweeping scope of exclusivity granted by the federal antidilution law (FTDA). The Trademark Review Commission, the source of the original 1996 FTDA, emphasized that the dilution remedy was an "extraordinary" one that required a clear showing of fame among a substantial number of persons.

The 2006 version of the federal antidilution law (TDRA) is more rigorous in its test for "fame" than was the original 1996 Act. Representative Berman stated that the revised fame requirement of the 2006 TDRA should act as a potent filter to permit only truly prominent and renowned marks to qualify:

Dilution should once again be used sparingly as an "extraordinary" remedy, one that requires a significant showing of fame. This bill narrows the application of dilution by tightening the definition of what is necessary to be considered a famous mark. The bill eliminates fame for a niche market and lists the factors necessary for a dilution by blurring claim. With these changes, it is our hope that the dilution remedy will be used in the rare circumstance and not as the alternative pleading.

Case Law Precedent. The courts agree that a mark must be truly prominent and renowned to be granted the extraordinary scope of exclusive rights created by the Federal Antidilution Act. The Second Circuit observed that the criterion of the federal antidilution law that "most narrows the universe" of claimants is the requirement that "the senior mark be truly famous before a court will afford the owner of the mark the vast protections of the FTDA. The fame requirement is so important that the Second Circuit advised trial courts to determine the fame question as an initial gateway issue before going further to analyze a dilution claim.

The Mark Must be So Well Known as to Attain the Status of a "Household Name." A number of courts have said that to qualify as "famous" under the anti-dilution law, the mark must be a



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“household name” – a name immediately familiar to very nearly everyone, everywhere in the nation.”

97. In *McCarthy*, the scope and intent of the provisions relating to well-known marks as adopted by the Paris Convention was also noticed as would be evident from the following extracts:-

“29:62 Paris Convention and the well-known marks doctrine

Paris Convention. The basis of modern treaties and foreign and U.S. law providing protection for “well-known” marks is derived from the Paris Convention. Article 6bis of the Paris Convention was added in 1925 and is the cornerstone of international protection of “well-known” marks. In addition, GATT TRIPS Article 16 (1) extends the Paris Convention provisions to service marks and requires the mark to be well-known only to the “relevant sector of the public”. Article 16 (2) extends the Paris Convention provisions in some instances to include goods that are not “similar” but where another’s use “would indicate a connection”.

Article 6bis of the Paris Convention has always been of much greater importance outside the United States, in registration-based nations. In those nations, if a designation is not registered as a mark, it is often very difficult, if not impossible, to obtain relief against another's use of that mark in that nation. But in the United States, unregistered marks have always been protected, either at common law or under Lanham Act 43 (a). For this reason, the famous mark doctrine has rarely been needed to be invoked in the United States.

Is Use Required for the Well-Known Marks Doctrine?

Prof. Dinwoodie observes that Article 6bis of the Paris convention has been interpreted to only require a nation to recognize a well known mark when it is not registered in the nation where protection is sought. Under this view, the Paris Convention does not require a nation to recognize an unregistered well-known mark when it is also not *used* in the nation where protection is sought. At the 1958 revision Conference of the Paris Union, the United States made a proposal to change Article 6bis to require member nations to protect well-known marks even where they had not been used (in addition to not being registered) in the nation where protection was required. This attempt to change the wording was narrowly



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defeated. But the Paris Convention only imposes a minimum level of protection and any nation is free to protect well-known marks without use in its territory. In fact, many nations take the view that a well-known mark need not be used in the nation in which protection is sought against an infringer. In 1999 the WIPO General Assembly and the Paris Union agreed to a nonbinding recommendation on well-known marks which endorses the view that a well-known mark should be protected in a country even if the mark is neither registered nor used in that country.

What is a Well-Known Mark? The scope of protection afforded to well-known marks is different in each country. The Paris Convention leaves the definition of what is a well-known mark to the “competent authority” of the nation in which protection is sought. Thus, the scope of protection may vary from one country to another. The law of several key nations on point is explained by local experts in the INTA book on Famous and Well-Known Marks edited by Frederick W. Mostert.

United States Implementation of the Well-Known Marks Rule. The United States implementation of the Well-known marks rule is discussed elsewhere in this treatise.

An Example: The South Africa Mc Donald's Case. In 1995 and 1996 a good deal of International attention was given to the situation of the Mc DONALD's trademark in South Africa. Which Mc Donald's Corp. had South African trademark registrations, it had not used the marks in South Africa because of the international embargo. A local defendant, believing that it could cancel the registrations on the ground of non-use, applied to register various marks such as Mc DONALD's, the golden arches logo, BIG MAC and MCMUFFIN. The lower level court found against Mc Donald's Corporation, holding that Mc Donald's could not prove that its mark was well-known or famous in South Africa. On appeal, the five appellate judges reversed, finding that the Mc Donald's marks, while not used in South Africa, were in fact “famous” under South African law and were entitled to protection under the Paris Convention. Reflecting the rule of the TRIPS Agreement that to be famous, the mark need only be famous in a relevant sector of the public, the South African appellate court held that a trademark is famous or well-known in South Africa if it is well-known to persons interested in the goods or services to which the trademark relates. In this case, survey evidence proved that the Mc Donald's marks were famous because they were well-known to a substantial number of more affluent persons in South Africa who



are interested in the goods or services represented by the marks as either potential customers or potential franchisees. This knowledge was obtained by travel, television programs and local and foreign publications.

29:63 The USMCA and GATT TRIPS and the well-known marks doctrine

Both the 2020 US-Mexico-Canada Agreement (USMCA is the successor to NAFTA) and the Trade Related Aspects of Intellectual Property (TRIPs) of the General Agreement on Tariffs and Trade (GATT) recognize the well-known marks doctrine.

The USMCA. USMCA Article 20-21 expressly incorporates Article 6bis of the Paris Convention. In determining whether or not a mark is well-known, a member nation need not require that the reputation of the trademark extend beyond the sector of the public that normally deals with the relevant goods or services. Thus, knowledge of the well-known mark can be the result of actual use or promotion of the trademark only in a particular segment of trade.

The GATT TRIPs Agreement. The GATT TRIPs agreement extends protection to both goods and service marks even if the mark has not been registered in a member country. The mark need only be famous in a relevant segment of the public. The special provisions of TRIPs Art. 16 (3) give protection beyond that of the Paris Convention. The famous marks rule applies even if the goods or services to which the allegedly infringing mark is being applied are not similar to the goods or services for which the famous mark has become well-known. This is subject to three conditions: (1) the famous mark must be registered; (2) there must be such a connection between the respective goods or services that confusion is likely; and (3) it must be likely that the interests of the owner of the registered trademark will be damaged by such infringing use.

29:64 Spill over of fame between nations

Under the famous mark doctrine, the law recognizes that knowledge and reputation of a mark that is well-known in nation X, or in a number of nations X-Y-Z, can spill over, such that the mark becomes well known in nation A, even though the goods or services identified by the mark are not available in nation A. For example, a Canadian court granted an injunction against the defendant's use of the name HILTON for a hotel in Vancouver, British Columbia even though plaintiff, the United States HILTON



hotel chain, at that time had no HILTON hotel in Canada and no Canadian registration. Plaintiff was well known in Canada by Canadians who travelled in the United States. But to be “well known”, knowledge of the mark in Canada must be proven to be substantial and significant.”

98. As would be manifest from a reading of the aforesaid passages, the spillover of fame between nations was accorded due recognition when dealing with marks of repute. It was further observed that for a mark to be well known its presence in a particular jurisdiction must be proven to be “substantial and significant”.

99. The Supreme Court in *Toyota* while accepting that the territoriality principle would merit adoption by Indian courts also does not appear to have shut out the application of cross border reputation principles where reputation may be found to have transcended borders. This would be evident from the discussion which ensues. As is manifest from a reading of *Toyota*, the said decision spoke of those precepts being applicable even in the absence of a “real market” as conventionally understood and bid us to examine the issue from the standpoint of the claimant through its mark being present in the market. We also deem it apposite to advert to the repeated conjunctive use of the expressions reputation alongside goodwill at more than one place in the said decision.

100. Reverting then to *Starbucks*, we note that the UKSC essentially found itself bound by past precedents, albeit rendered in times far removed from the present, and which had held that mere spill-over of reputation would not suffice and a case of domestic rooting of goodwill had to be established. However even *Starbucks* sought to



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reconcile the legal position by accepting the fact that the presence of customers within the United Kingdom availing of services abroad may suffice. The UKSC also appears to have weighed in consideration the latent effect of such a position tipping the balance in favour of protection. While this would clearly constitute an important consideration when we evaluate claims of cross border reputation, *Toyota* as well as the judgments in *Cadbury* and *MAC Personal Care* have constructed adequate safeguards and gateways before such a contention may be accepted. This we do observe bearing in mind those decisions employing the metric of significant and substantial evidence of reputation and presence in the jurisdiction as being the determinative factor. What we seek to emphasise is the need to acknowledge the imperatives of shrugging off the conventional moorings of goodwill, as traditionally understood, coupled with it being rooted in a tangible market while considering the issue of cross border reputation.

101. We find that *Toyota* was dealing with a product which had virtually no physical or commercial presence in India. There was admittedly no evidence of Prius having been commercially traded in India. The Supreme Court answered the issue of transborder reputation weighing in balance the absence of significant information and knowledge of the mark in India, limited online exposure and the stray reportage of the product. It thus answered the issue based on a lack of goodwill, lack of information and knowledge of the mark amongst a sizeable number of people in the concerned segment and



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thus a failure to meet the evidentiary standards of recognition and knowledge of the mark. At the cost of repetition, we deem it appropriate to advert to the Supreme Court observing in para 40 of the report that if “*goodwill or reputation*” in the particular jurisdiction were not proven, no other issue would arise for consideration. This coalesces with the observation of absence of a real market and the principal factor being “*presence of the claimant through its mark within a particular territorial jurisdiction in a more subtle form....*”.

102. Thus *Toyota* cannot possibly be read as adopting or advocating the restricted approach taken by English courts and which had spoken of goodwill, as traditionally understood, being an inviolable condition for testing claims of passing off where the same be based upon a cross border reputation. The Supreme Court merely accepted the predominant view taken in most jurisdictions across the globe of the territoriality principle being the norm as opposed to the doctrine of universality. However, *Toyota* cannot possibly be understood as propounding a position that significant reputation can have no bearing especially in cases where it is urged that the mark had acquired a transborder reputation. In fact the concept of cross border reputation and a spill over of renown was duly recognised and affirmed.

103. We deem it pertinent to observe that acceptance of reputation as a facet relevant to actions of passing off would not run contrary to the territoriality principle. What we seek to emphasise is that insistence upon goodwill being viewed as a necessary precondition for maintaining an action of passing off can no longer be countenanced to



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be the correct view. *Allergan*, *Cadbury*, *MAC Personal Care* and *Toyota* bid us to abandon the archaic and doctrinaire approach bearing in mind the transformative impact of technology that has blurred traditional boundaries allowing trademarks of global renown to surpass the conventional constraints of having localised support within tangible or real markets. We would clearly be in error if we were to ignore the imperatives of international commerce and the presence of marks which could today be recognised to have a reputation spanning jurisdictions. We thus find ourselves unable to either accord primacy to goodwill or recognise it to be an inviolable condition for asserting passing off.

104. We also bear in mind the exposition of the legal position by the Australian Federal Court in *Conagra* which had traced the “hard line” and the “softer approach” by courts in England while dealing with the subject of spillage of reputation. It was this which constrained it to observe that the line as advocated by the decisions rendered in the United Kingdom conflict with the needs and imperatives of contemporary business and international commerce. It is the view expressed in *Conagra* which also appears to be the position taken by courts in the United States as would be evident from the passages of McCarthy’s seminal work on trademarks. In fact the author proceeds to suggest that perhaps the territoriality doctrine may itself have been rendered obsolete and no longer constitute a safe test to adopt for the purposes of addressing the complexities and interdependencies pervading the globally connected world that we live in. However, we



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do not propose to either advocate or accept that view bound as we are by *Toyota*. The said decision of the Supreme Court in any event only speaks of goodwill having a territorial operation as opposed to reputation which may yet be found to exist even in the absence of commercial returns or a localised rooting.

105. We also bear in consideration the extensive review of the English position by the Federal Court of Australia which in *Conagra* had critically observed that the strict dissection between reputation and goodwill appeared to stem from reliance having been unjustifiably and overly placed on judgments rendered in the context of revenue laws and the inherent limitations in localising goodwill where the reputation of a business attains an omnipresent or singular stature. However, even if we proceed on the territoriality principle, and which *Toyota* commands us to do, the concept of reputation as explained above would warrant claims of cross border reputation being tested on lines suggested above.

106. Upon a due consideration of the aforesaid decisions and the authoritative texts referred to above, we find that the expressions “reputation” and “goodwill” have been used conjunctively or interchangeably and the distinction between the two which the English Courts continue to mandate clearly appears to have become blurred in other jurisdictions. In fact, it is the position as taken by the English courts which has constrained courts in various jurisdictions to characterise it as being overly restrictive or the limiting view. The imperatives of reputation being considered to be a stand-alone factor



would also appear to be in tune with the scheme of well known marks which has come to be adopted and incorporated in statutes in various jurisdictions. In fact, the concept of well known marks was a facet which was alluded to even by the UKSC in *Starbucks*. This is evident from a reading of para 64 of the report.

107. Closer to home and in our own **Trade Marks Act,1999**¹⁹, the expression “well known trademark” stands defined in Section 2(1)(zg) as under:-

“(zg) well known trade mark, in relation to any goods or services, means a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first-mentioned goods or services.”

108. Section 11 of the TM Act, while proceeding to enumerate the relative grounds which would justify a refusal of registration also accords due recognition to marks which are well known in India. For the purposes of elaboration, we extract Section 11 hereinbelow:-

“11. Relative grounds for refusal of registration.—

- (1) Save as provided in section 12, a trade mark shall not be registered if, because of—
 - (a) its identity with an earlier trade mark and similarity of goods or services covered by the trade mark; or
 - (b) its similarity to an earlier trade mark and the identity or similarity of the goods or services covered by the trade mark, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.
- (2) A trade mark which—
 - (a) is identical with or similar to an earlier trade mark; and

¹⁹ TM Act



(b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered in the name of a different proprietor, shall not be registered if or to the extent the earlier trade mark is a well-known trade mark in India and the use of the later mark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trade mark.

(3) A trade mark shall not be registered if, or to the extent that, its use in India is liable to be prevented—

(a) by virtue of any law in particular the law of passing off protecting an unregistered trade mark used in the course of trade; or
(b) by virtue of law of copyright.

(4) Nothing in this section shall prevent the registration of a trade mark where the proprietor of the earlier trade mark or other earlier right consents to the registration, and in such case the Registrar may register the mark under special circumstances under section

Explanation.—For the purposes of this section, earlier trade mark means—

1[(a) a registered trade mark or an application under section 18 bearing an earlier date of filing or an international registration referred to in section 36E or convention application referred to in section 154 which has a date of application earlier than that of the trade mark in question, taking account, where appropriate, of the priorities claimed in respect of the trade marks;]

(b) a trade mark which, on the date of the application for registration of the trade mark in question, or where appropriate, of the priority claimed in respect of the application, was entitled to protection as a well-known trade mark.

(5) A trade mark shall not be refused registration on the grounds specified in sub-sections (2) and (3), unless objection on any one or more of those grounds is raised in opposition proceedings by the proprietor of the earlier trade mark.

(6) The Registrar shall, while determining whether a trade mark is a well-known trade mark, take into account any fact which he considers relevant for determining a trade mark as a well-known trade mark including—

(i) the knowledge or recognition of that trade mark in the relevant section of the public including knowledge in India obtained as a result of promotion of the trade mark;

(ii) the duration, extent and geographical area of any use of that trade mark;

(iii) the duration, extent and geographical area of any promotion of the trade mark, including advertising or publicity and presentation,



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at fairs or exhibition of the goods or services to which the trade mark applies;

(iv) the duration and geographical area of any registration of or any application for registration of that trade mark under this Act to the extent that they reflect the use or recognition of the trade mark;

(v) the record of successful enforcement of the rights in that trade mark, in particular the extent to which the trade mark has been recognised as a well-known trade mark by any court or Registrar under that record.

(7) The Registrar shall, while determining as to whether a trade mark is known or recognised in a relevant section of the public for the purposes of sub-section (6), take into account—

(i) the number of actual or potential consumers of the goods or services;

(ii) the number of persons involved in the channels of distribution of the goods or services;

(iii) the business circles dealing with the goods or services, to which that trade mark applies.

(8) Where a trade mark has been determined to be well known in at least one relevant section of the public in India by any court or Registrar, the Registrar shall consider that trade mark as a well-known trade mark for registration under this Act.

(9) The Registrar shall not require as a condition, for determining whether a trade mark is a well-known trade mark, any of the following, namely:—

(i) that the trade mark has been used in India;

(ii) that the trade mark has been registered;

(iii) that the application for registration of the trade mark has been filed in India; (iv) that the trade mark—

(a) is well-known in; or

(b) has been registered in; or

(c) in respect of which an application for registration has been filed in, any jurisdiction other than India, or

(v) that the trade mark is well-known to the public at large in India.

(10) While considering an application for registration of a trade mark and opposition filed in respect thereof, the Registrar shall—

(i) protect a well-known trade mark against the identical or similar trade marks;

(ii) take into consideration the bad faith involved either of the applicant or the opponent affecting the right relating to the trade mark.



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(11) Where a trade mark has been registered in good faith disclosing the material informations to the Registrar or where right to a trade mark has been acquired through use in good faith before the commencement of this Act, then, nothing in this Act shall prejudice the validity of the registration of that trade mark or right to use that trade mark on the ground that such trade mark is identical with or similar to a well-known trade mark.”

109. As would be evident from the above, the provision creates a statutory injunct against the registration of a trademark if it be in conflict with a well known trademark in India. The reasons for the aforesaid are underlined as being the intent of the applicant to take unfair advantage of a mark of repute or be detrimental to its distinctive character. Sub-section (6) of Section 11 then proceeds to set out the factors which the Registrar would bear in mind for determining a trademark as being well known. These are defined to be the knowledge or recognition of that mark, the duration, extent and geographical area of its use, the duration, extent and geographical area in which promotional activities including advertising, publicity and presentation may have been carried out, the duration and geographical area of registrations as also record of successful enforcement of rights by the holder of the well known trademark. Section 7(7) sets out the factors which the Registrar would bear in mind while determining whether a trademark is known or recognized in a relevant section of the public and those determinative factors are defined to be the number of actual or potential consumers, the number of persons involved in the channels of distribution of the goods or services, as the case may be, and the business circles dealing with those goods or services.



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110. Of significant import is Section 7(9) and which mandates that the Registrar shall not require as a condition precedent the factors set out in clauses (i) to (v) for determining whether a trademark is well known. The aforesaid conditions extend to the actual use of the trademark in India, its registration, an application for registration having been filed in India or that the trademark is well known in or has been registered in any jurisdiction other than India. In terms of Section 11(9)(v), the Registrar is also not obliged to find or come to a conclusion that the trademark is well known to the public at large in India before according recognition to a well known mark.

111. The aforesaid statutory provisions would thus appear to lend credence to both reputation and goodwill, constituting important and independent factors for the purposes of answering a claim of cross border reputation. As would be manifest from our reading of Section 11, while the Registrar would take into consideration the number of actual or potential consumers of goods or services provided by a well known trade mark, it is clearly not obliged to accord such recognition only in situations where the mark has been either used or registered. Ultimately, the Registrar has to bear in mind factors such as knowledge or recognition of that mark in the relevant section of the public including knowledge of the well known mark that may be derived from promotional activities. Section 11 thus does not purport to lay any overarching emphasis on an actual existence of goodwill alone.



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112. This would also be in consonance with the observations entered by the Supreme Court in *Toyota* when their Lordships significantly observed that while determining and answering the question of whether there has been a spillover of reputation and goodwill, the enquiry need not be confined to ascertaining the existence of a real market but the presence of the claimant through its mark within a particular territorial jurisdiction being sufficient. The presence of a mark in the market could well be established or proven on the basis of the extent of the promotion and advertisement of a well known mark, the knowledge of the said mark amongst a sizable section of the concerned segment of the public and its reputation being found to have spilled over and be sufficiently grounded in the minds of consumers in India.

113. We further find that a mere global reputation or asserted goodwill has neither been accorded a judicial imprimatur nor accepted as being sufficient by our courts to answer a claim of transborder reputation. In order to succeed on this score, it is imperative for the claimant to prove and establish the existence of a significant and substantial reputation and goodwill in the concerned territory. Unless a sizeable imprint of the presence of the mark is established amongst the consuming public, a claimant would not be entitled to protection. In fact, knowledge amongst a sizeable and noteworthy number of the concerned segment would be a sine qua non for proving reputation itself. Ultimately the question of a significant reputation would have to be tested on principles analogous to those enumerated in Section 11



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of the TM Act. This, in our considered opinion, constitutes a sufficient, adequate and salutary safeguard which would allay and lay to rest doubts of us having adopted a too overly protective stance in favour of claimants who may otherwise have no intent of introducing goods or providing services in India. A claimant who has no presence or a customer base in India, has not established its presence by way of adequate advertisement or promotional activity or one who fails to establish a global reputation equally well known to the consuming public in India would thus be disentitled to claim protection. The adoption of the aforesaid standard would also subserve the imperatives of avoiding the stifling of local industry and enterprise. This in our considered opinion would be the correct approach and strike the right balance between brands whose reputation transcends territories and the interest of national enterprise and that of consumers on the other.

114. Having broadly noticed the legal principles which would apply, we then turn to the conclusions which the learned Single Judge ultimately came to record in this respect.

115. We find from a reading of Para 36.1 of the impugned judgment that the learned Judge has correctly observed that for a claim of passing off to succeed, the plaintiff would have to establish goodwill and reputation in India. In Para 36.3, the learned Judge proceeded to deal with a situation where a claimant alleging passing off may not be carrying on any commercial activity in the country. While dealing with this aspect, the learned Single Judge has significantly observed



that an advertising campaign or other promotional steps that may be taken may themselves embody an intent of such a claimant to expand or diversify into India.

116. The learned Judge proceeded to observe that, were this to be established, the charge of passing off may still sustain. The observations in Para 36.3 essentially appear to resonate what the Singapore Supreme Court observed in **CDL Hotels Internationals Ltd. v. Pontiac Marina Pte Ltd.**²⁰ when while speaking through Chief Justice Menon, it had alluded to preparatory promotional activities that may be undertaken by a well-known trademark being evidence of transborder reputation.

117. The learned Judge in our considered opinion correctly expounded the legal position while observing as under:-

“**36.4** By plain logic, however, in such a case, the plaintiff would have to show that its goodwill and reputation, though garnered abroad, is so considerable that it has *spilled over* to India. In other words, the plaintiff would have to establish (i) that it has trans-border reputation, i.e. reputation which extends beyond the regions in which it has commercial existence, (ii) that the trans border reputation has extended to India and (iii) that the “spillage” is so considerable as to confuse or deceive a customer of average intelligence and imperfect recollection into believing that the goods or services of the defendant are those of the plaintiff.”

118. Proceeding further to cull out the legal principles on the anvil of which the issue of cross border reputation is liable to be adjudged, the learned Judge has observed as follows:-

“**36.8.7** Several important principles emerge from these passages, which may be enumerated as under:

²⁰ 1998 (1) SLR (R) 975



(i) The territoriality principle applies; not the universality doctrine. Existence of goodwill and reputation has, therefore, to be shown to exist *in India*. Universal or worldwide goodwill and reputation, *sans* any evidence of territorial goodwill and reputation, is not sufficient.

(ii) Mere reputation is not enough. The claimant/plaintiff must show that it has significant goodwill.

(iii) The actual existence of an office of the plaintiff in the country of the defendant is not necessary.

(iv) However, the claimant must have customers within the country of the defendant, as opposed to persons in the defendant's country who are customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for the claimant to show that there are people in the defendant's country who happen to be its customers when they are abroad.

(vi) However, it would be enough if the claimant could show that there were people in the defendant's country who, *by booking with, or purchasing from an entity in the defendant's country*, obtained the right to receive the claimant's service abroad. The person from whom such booking or purchase took place could be the claimant, or its branch office, or someone acting for or on behalf of the claimant.

(vii) The claimant must be "present through its mark in the territorial jurisdiction" of the country of the defendant, though the existence of a "real market" was not necessary.

(viii) Such presence could, for instance, be shown by extensive advertisements which had been circulated and seen, or read, in the country of the defendant.

(ix) Once the existence of trans border reputation and goodwill was thus established, the claimant was not required, further, to prove the existence of actual confusion. The likelihood of the customer of average intelligence and imperfect recollection being confused, by the use of the impugned mark of the defendant, that the goods or services of the defendant were those of the claimant-plaintiff, was sufficient."

119. Whilst we have no hesitation in affirming the conclusions as recorded in clause (i) above, we find ourselves unable to uphold the



conclusions recorded in clause (ii) when the learned Judge holds that mere reputation would not be enough and it would be incumbent upon the claimant to establish significant goodwill. This, in our considered opinion, would not sustain when one bears in mind the shift in the legal position enunciated above as well as the observations in *Toyota* itself where the Supreme Court chose to adopt the expressions '*reputation and goodwill*' concomitantly and also spoke of circumstances where a real market as ordinarily understood may not even exist.

120. Reputation attains added significance consequent to our Legislature having adopted the principles forming part of the Paris Convention and incorporating appropriate provisions with respect to well known marks. Goodwill necessarily entail us finding a claimant having earned significant and substantial revenue. Reputation of a mark, on the other hand, would stand satisfied if we were to find a substantial presence of that mark in the market. We also cannot possibly turn a blind eye to the changing and ever evolving trends in global commerce, the pervasive dissemination of knowledge of well-known marks in the age of the internet as well as the exponential surge in global travel. These were aspects which were alluded to and accepted as being relevant by Courts right from the time when the judgments in *Allergan*, *Cadbury* and *Mac Personal Care* came to be rendered.

121. It also becomes important to note that in *Toyota*, the Supreme Court had found itself unconvinced to view advertisements and data



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available on web portals as being a secure foundation or the appropriate standard basis to safely address the question of necessary goodwill and reputation significantly observing and speaking of the limited online exposure as existing in 2001 and the nascent state of the internet at that point of time. In any case and bearing in mind the complementary usage of reputation and goodwill in *Toyota* itself would render the aforesaid conclusion to be incorrect.

122. We would also consider it appropriate to modulate the conclusions of the learned Single Judge as they appear in clause (vi). The learned Judge appears to have understood the creation of reputation and goodwill within India being founded on people in India booking with or purchasing from an entity in the country and thus being enabled to utilize the claimant's services abroad. The learned Judge held that such booking or purchase could take place if it were found that the claimant had a branch office or an agent acting for and on its behalf. The aforesaid prescription as narrowly framed is clearly rendered unsustainable bearing in mind the state of technology as it exists today and which in the present times could enable a consumer to avail of services while traveling abroad by purchasing and subscribing to an application service or even by making appropriate remittances abroad.

123. The Court notes that the conclusions as set out in Clause (vi) are essentially a replication of Para 52 of the judgment in *Starbucks*. However and as we had noticed hereinabove, Courts in England continue to adopt the narrow view of existence of goodwill, one which



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has in some decisions been described as the hard line approach as opposed to the view taken by our courts and which have accepted the disappearing line of distinction between reputation and goodwill.

124. The conclusions would also not coalesce with what the learned Judge proceeded to observe in clauses (vii) and (viii). If the claimant were entitled to succeed in establishing a presence of its mark within a territory irrespective of the existence of a real market which was spoken of in *Toyota*, there would be no necessity of a booking or purchase being made either from the claimant or its branch office situated within the territory.

125. We find that our reservations in respect of clause (vi) stand further fortified from a reading of the conclusions of the learned Judge appearing in clause (viii) and which had spoken of extensive advertisements being sufficient to establish a significant presence.

126. Accordingly, we are of the considered opinion that the enunciation of the legal position with respect to cross border reputation as propounded by the learned Single Judge would have to be read as being modified and modulated to the extent indicated above.

127. We then proceed to the consideration of the facts and the evidence which was placed by respective sides before the learned Single Judge. However, before we proceed to do so, it becomes pertinent to note that the appellant does not appear to have argued the matter before the learned Single Judge based on it being a well-known mark as envisaged under the TM Act. We, however, note that it had



placed reliance on certain news articles, advertisements campaigns, promotional content displayed on its app, downloads and review of its mobile application. It, however, does not appear to have placed any evidence establishing that the individuals who had downloaded its mobile application, had either paid moneys to access its services, actually ended up using the app while travelling overseas or for that matter those individuals constituting a large and significant number in the concerned segment

128. Turning then to the facts which ultimately weighed with the learned Single Judge to refuse injunction, we deem it apposite to undertake a comparative analysis of the timeline of services provided by the appellant and the respondent:-

TIMELINE OF APPELLANT'S SERVICES

DATE	EVENT	PAGE NO.
2013	The Appellant, formerly known as Taxify OÜ, was incorporated in 2013 in Estonia. Services were launched in August 2013.	Averred in the Plaintiff PDF Pg 294
2018	The Appellant adopted the brand name 'BOLT'	
2019	The Appellant consolidated all operations under the brand 'BOLT'	
02.04.2019	Article published in CNBC about Bolt expanding into electric scooter in Madrid. The article mentions there was a rollout 'last year' (2018) in Paris.	PDF Pg 1194
10.06.2019	Article published in CNBC about Bolt launching in London.	PDF Pg 1200



February 2020	The Appellant ran an advertising campaign across Ahmedabad, Pune, Surat, Chennai and Kolkata on its mobile app.	PDF Pg 1481
02.08.2021	Article published in CNBC about 600 million euros of fresh funding raised by Bolt	PDF Pg 1196
13.10.2021	Blog posted in the official website of Bolt regarding introduction of scooter charging docks in the Tallinn. The blog mentions that in 2022 they are planning to deploy 1500 charging docks across European Markets.	PDF PG 1214
13.10.2021	Article in The Baltic Times about Bolt setting up electric scooter docks in Tallinn. The article mentions plans to expand to other European countries.	PDF Pg 1223
21.10.2021	Article in Intelligent Transport about Bolt launching e-scooter charging docks in Europe.	PDF Pg 1218
11.01.2022	Article in Economic Times about Bolt raising 628 million Euros from investors.	PDF Pg 1206
01.04.2022	Application filed in India for registration of mark 'Bolt Charge' in Class 99.	PDF Pg 987
27.05.2022	Application filed in India for registration of mark BOLT in Class 9,12,35,36,37,39 and 99.	PDF Pg 988 to 998
May 2022	Analytics showing that from Jan 2017 to 2 May 2022 the App of the Appellant was downloaded approximately 2,00,000 times in India	PDF Pg 1188
24.05.2022	Notice sent to the Respondent to stop using the mark Bolt.	PDF Pg 1309
August 2022	As of August 2022, the BOLT mobile app has approximately 96.1 K reviews on Apple's App store and about 2.87 M reviews on Google's Play store	Averred in the Plaintiff PDF Pg 297

TIMELINE OF RESPONDENTS' SERVICE



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DATE	EVENT	PAGE NO.
2017	Respondent No. 2 was incorporated in the year 2017.	
2018	The Respondent No.2 adopted the mark 'Bolt' for its EV chargers.	Averred in Written Statement PDF Pg 392
February 2020	Respondent No. 1 was incorporated in 2020.	
02.10.2020	The Respondents introduced 'Bolt' to the public by uploading video on YouTube.	PDF Pg 1778
16.10.2020	Video was uploaded on YouTube revealing features of Bolt EV Charger	PDF Pg 1779
11.12.2020	Post on Instagram stating REVOS BOLT is now live in Bengaluru	PDF Pg 1782
November 2020	Invoices showing sale of REVOS_BOLT Charger	PDF Pg 1909
08.01.2021	Post on Instagram stating that the Respondents have installed 100+ charging stations and have 1000+ users	PDF Pg 1780
04.02.2021	Post revealing that Bolt is available on amazon.	PDF Pg 1781
14.07.2021	Registration of domain name 'bolt.earth'	PDF Pg 1354
01.08.2021	Since 1 August 2021, Respondent No.2 has become a dormant company as Respondent No.1 took over all the business of Respondent No. 2	Averred in Written Statement PDF Pg 383
30.08.2021	Application for Registration of Mark 'BOLT' by the Respondent. [the same is under objection]	PDF Pg 1394



07.10.2021	Reply by the Respondent to the Examination Report stating that the Device 'BOLT' is unique and does not bear any similarity with any of the conflicting marks	PDF Pg 1418
26.10.2021	Defendant's blog depicting that 'REVOS' is now 'BOLT'	PDF Pg 1350
26.10.2021	Article in Deccan Herald about REVOS launching BOLT charging system.	PDF Pg 1411
26.10.2021	Article in India Today stating that REVOS plans to introduce BOLT charging points from 29 October 2021. The article also mentions that in the pre-launch phase, thousands of Bolt charging points have been installed across 60 different cities in India	PDF Pg 1787
09.12.2021	Registration of domain name 'boltevcharging.com'	PDF Pg 1351
2022	The Respondents sponsored the IPL team 'Delhi Capitals'. The mark Bolt was on the jersey of the team.	PDF Pg 1330
2022	The Respondents mentioned in the Annual India EV Report Card FY 2022 for having installed 11,200 charging points in India	PDF Pg 1822
March 2022	Total Revenue as per the Audited Financials of the Respondents from April 2020 to March 2022 is Rs. 1,28,67,266	PDF Pg 1958
24.03.2022	Article in Business Standard and the Print stating that BOLT has installed 10,000 EV charging stations in India in the past 6 months.	PDF Pg 1789/ PDF Pg 1791
20.04.2022	Article in Economic Times stating that Hero Electric has partnered with Bolt to set up 50,000 charging stations in India in the next one year.	PDF Pg 1785
31.08.2022	Chartered Accountant certificate, certifying that till 31 August 2022, the total amount spent on promotion and publication of brand name 'BOLT' stands at Rs.	PDF Pg 1735



	17,49,36,464	
14.09.2022	The mark 'REVOS' was registered.	PDF Pg 1729
05.06.2022	The Respondents replied to the legal notice dated 24.05.2022 denying the claim raised by the Appellant.	PDF Pg 1319
14.10.2022	Application made for registration of BOLT.EARTH. [the same is under examination]	PDF Pg 1427

129. It becomes pertinent to note that the articles dated 02 April 2019 and 10 June 2019 published in CNBC appeared on a website of the said entity. The appellant did not present or lead any evidence of the extent of exposure received by those website publications within the Indian domain. Additionally, the appellant is stated to have run an advertising campaign spanning five cities in India in February 2020. This too, in our considered opinion, has been rightly discarded by the learned Single Judge as it fails to constitute compelling evidence of cross border reputation. A singular advertisement campaign restricted to five cities when juxtaposed against the geographical expanse of our nation, clearly falls short of what would constitute a safe basis to answer the issue of cross border reputation.

130. While technological advancements and precedents on the subject may have enabled us to do away with the requirement of a real market, the strength of transnational reputation acquired by a trademark would necessarily have to be established and tested on the metric of adequate evidence of substantial goodwill or reputation in the Indian market. The evidence led on this score clearly failed to



adequately address the seminal test of a high level of familiarity with the mark amongst the concerned segment of our population- a pivotal factor when it comes to establishing cross border reputation.

131. The articles appearing in a blog posted on the official website of BOLT, in the Biotech Times and in Intelligent Transport were also correctly debunked by the learned Single Judge in the absence of any evidence having been led by the appellant of the penetration of those periodicals amongst the concerned segment of the populace in India. We are thus essentially left with the article which appeared in the 11 January 2022 edition of the Economic Times and spoke of the interest evinced by various investors in the appellant and the investment money garnered by it. The said article also cannot possibly be read as constituting evidence of a substantial presence of the mark in India.

132. As would be evident from the chart extracted hereinabove, the publications and the promotional activities which were undertaken by the appellant clearly appeared to be sporadic rather than a continued undertaking of promotional activities within India as a consequence of which it could have been held that it had fulfilled the test of a significant and substantial presence.

133. Insofar as app downloads are concerned, the appellant had alluded to the two lakh instances when persons in India had downloaded its app. The appellant had also in this connection referred to various reviews of its BOLT mobile app on the Apple App Store and the Google Play Store. We are constrained to observe that the mere downloading of an app would not be sufficient to accept the



contention of a sizeable consumer base. The appellant also did not lead any evidence of the number of Indian consumers who had utilised its services while travelling abroad. More importantly, the appellant failed to establish that these downloads and reviews would represent a significant or substantial number when it comes to Indian consumers who generally avail of ride hailing and mobility related services when travelling overseas.

134. We also bear in consideration the limited roll out of EV charging stations by the appellant at the time when the matter was heard by the learned Single Judge. Contrasted with the above, we find that the respondent asserted having adopted the mark BOLT for its EV charging stations in 2018. Its impending launch was announced on the YouTube channel in October 2020. We also take into consideration the invoices showing sales of the Revos Bolt charger in November 2020 as well as the posts placed on social media platforms announcing the launch of its services and it by January 2021 having installed more than a 100 charging stations. Of equal significance is the material placed on the record by the respondent and which was liable to be recognised as evidencing a Pan-India network of charging points having been established by March 2022.

135. The argument of allied and cognate services becomes irrelevant once we find that the appellant had failed to meet the tests of cross border reputation as enunciated in *Toyota*.

136. We thus come to conclude that while the appellant may have been able to establish a limited knowledge and awareness of its app



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and the bouquet of services offered on its platform, it clearly, as the learned Single Judge has correctly found, failed to meet the test of significant and substantial reputational spill over.

137. We consequently uphold the order of the learned Single Judge and dismiss the appeal.

138. Accordingly, and for all the aforesaid reasons, the instant appeal stands dismissed. All pending applications shall stand disposed of accordingly.

YASHWANT VARMA, J.

DHARMESH SHARMA, J.

NOVEMBER 30, 2023

RW/neha