

# IP Hotline

May 24, 2011

## "DARJEELING" TEA FOR ALL

The case of *Tea Board India v ITC Limited*<sup>1</sup> acquires a special place in the history of IP cases in India, for this judgment of the Calcutta High Court has become the first case relating to geographical Indications in the country. The Hon'ble Court, while upholding the importance of Geographical Indication (GI), refused to grant an injunction against ITC Limited, (the Defendant therein), from using the word "*Darjeeling*" for ITC Calcutta's lounge area.

## GEOGRAPHICAL INDICATIONS ("GI") – DARJEELING

The Geographical Indications of Goods (Registration and Protection) Act, 1999 ("**GI Act**") was enacted in India in furtherance of India's compliance with the TRIPs Agreement obligations<sup>2</sup>. The GI Act, which came into effect in India on September 15, 2003, was passed with the intention of providing protection to geographical indications and from preventing them from becoming generic expressions.

"Darjeeling Tea", being the Plaintiff's GI, was the first GI to be registered in India<sup>3</sup>. Soon, many other GI registrations have soon followed suit, making the total tally of GI registrations in India to a whopping 100+ as on date.

## WHAT THE DISPUTE IS ALL ABOUT

The plaintiff i.e. Tea Board India ("**Plaintiff**") is a statutory body set up under the Tea Act, 1953. The Plaintiff is the registered proprietor of the certification trademarks in class 30, for tea. One Certification Mark is a word mark "*Darjeeling*"<sup>4</sup> and the other is a device mark<sup>5</sup> portraying a lady holding two-leaves-and-a-bud in her left hand with the word "*Darjeeling*" embossed on the left. Under the Trade Marks Act, 1999 ("**Trademarks Act**"), Certification Marks are issued to persons who are capable of certifying the goods or services in respect to its origin, material, mode of manufacture or performance of services, quality, or accuracy or other characteristics<sup>6</sup>.

The word and device marks of Darjeeling Tea have also been separately registered by the Plaintiff as a GI in 2003 under the GI Act<sup>7</sup>.

It is the grievance of the Plaintiff that the Defendant i.e. ITC Limited, being a luxury hotel chain in India, named a section of its ITC Sonar Hotel in Calcutta as "*Darjeeling Lounge*". The Plaintiff claims that such adoption of the word "*Darjeeling*" by the Defendant is unfair as the use of the word "*Darjeeling*" by the Defendant:

- amounts to infringement of the Plaintiff's GI and Certification Mark;
- amounts to passing off on Plaintiff's GI and Certification Mark; and
- leads to dilution of the Plaintiff's "Darjeeling" brand.

The Defendant refuted the claims of the Plaintiff by stating that:

- the registration under GI Act applies to goods only and permits action of infringement by the proprietor against any person using the GI in connection with the goods for which the GI is registered. Thus, the GI Act does not authorize the proprietor to proceed against the use of GI in relation to services or persons connected with the goods and/or services in relation to which the original GI registration was obtained;
- that a registered owner of a Certification Trademark in terms of a good cannot bring any complaint against use of the mark in relation to services or persons connected therewith;
- the lounge was named "*Darjeeling Lounge*" since the inception of the hotel in the year 2003, prior to the coming into force of the GI Act;
- there is no passing off as the "*Darjeeling Lounge*" is an exclusive lounge catering to certain high end guest rooms and is accessible only through cards issued to these rooms. Further, the lounge serves all kind of food and beverages and not tea alone;
- the "*Darjeeling Lounge*" is so named as to inculcate a flavor of Bengal. Other areas in the hotel were also named on similar lines, like Sundarban for the garden area ;
- the suit is time barred as the Plaintiff was aware of the Defendant's "Darjeeling Lounge" since 2005 and the suit was lodged after 5 year thereafter.

## WHAT THE COURT SAID

At the interim stage, while granting or rejecting the interim reliefs, the courts look at the prima facie case, balance of

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convenience, comparative hardship and the delay, if any, in instituting the suit.

The Court, after hearing the arguments of the parties, and upon examining the provisions of the GI Act and the Trademarks Act, and review of the facts, observed that there is no passing off or dilution of the Plaintiff's brand name by the Defendant.

With respect to the tenability of cross category complaints (where registration is for goods but infringement is claimed with respect to services and vice versa), the Hon'ble Judge expressed a '*tentative view*' without entering into the merits of the matter. A distinction was made by the Court between the provision of the GI Act and the Trademarks Act with respect to Certification Marks, for ascertaining the tenability of the Plaintiff's claim.

Under the Trademarks Act, registration of a Certification Trademark may be obtained both in goods and services and the proprietor or authorized user of the certification service mark has a right of action against an alleged infringer who uses a mark which is same or similar to the certification trademark. Such right of action of the proprietor or authorized user of a mark lies irrespective of the certification trademark being registered for good and the impugned mark being used in respect of *services* or vice versa. Thus, there is no restriction on cross category claim.

However, situation may differ in case of a GI. The GI Act, as it reads today, applies only to goods and leaves services out of its current ambit. Therefore, infringement claim would not lie in case the same GI is used in relation to the services. However, the Hon'ble Judge, rightly considered the provision of Section 20(2) and Section 22(1) (b) of the GI Act to examine the tenability of a cross category claim.

Section 20(2) of the GI Act recognizes the common law right to proceed against any person who passes off goods as the goods of another. Section 22 (1) (b) of the GI Act provides that a registered GI is infringed by a person, who not being an authorized user, uses any GI in a manner which constitutes an act of '**unfair competition**' including **passing off in respect of registered GI**. The GI Act defines 'acts of unfair competition' and also species the acts which are deemed to be 'acts of unfair competition'.<sup>8</sup>

After reviewing the provisions of Section 20(2) and Section 22(1) (b) of the GI Act, a view was expressed that the GI Act may not altogether preclude a cross category claim.

Dismissing the claims of the Plaintiff, the Court observed that word "*Darjeeling*" cannot be exclusively claimed by the Plaintiff by virtue of its registration as a GI or as a certification trademark. Even the claim of passing off cannot be permitted to succeed unless the word or the GI that is being used by a third party has a nexus with the product with respect to which it is used. As the Defendant's "*Darjeeling Lounge*" is an exclusive area within the hotel, catering to high end customers, and serves variety of beverages, other than Darjeeling tea, there is little possibility that there will be a likelihood of confusion if the lounge is being named "*Darjeeling Lounge*". Further, the lounge was in existence since 2003, even before implementation of GI Act.

Lastly, as regards the Plaintiff's claim of dilution of the trademark "Darjeeling", the Court expressed that *in case of dilution by blurring, it is the uniqueness of a mark which is protected even in a case where there is no likelihood of confusion*. In this light, the court took a view that the word "*Darjeeling*" has been used extensively over a period of time ,even prior to the Plaintiff's registrations, and thus the Plaintiff's recent GI registration would not grant him the exclusivity as desired.

The matter was accordingly dismissed by the Court in favor of the Defendant.

## ANALYSIS

The "*Darjeeling Tea*" GI has various laurels to its credit. The word and logo of "*Darjeeling Tea*" and its GI has been registered in several countries of the world has been protected in countries like Japan, France, U.S etc.<sup>9</sup>

Therefore, at first instance, it appears obscure that GI of "*Darjeeling Tea*" was not duly protected in India.

On deeper analysis, one concurs with the reasoning given by the Hon'ble High Court. It is not the intention of grant of Certification Marks under the Trademarks Act to create monopoly rights in favor of the proprietor of a mark, so as to completely preclude a *bona fide* user to adopt the same/similar mark in relation to goods and/or services not covered by the scope of registration by the proprietor. The object of the GI Act is to prevent unauthorized persons from using the GI, so as to safeguard the interest of the consumers and protect them from deception about the origin of goods. Therefore, a registered proprietor of a trademark/GI cannot be entitled to proceed against a third party using a similar trademark/GI, when the use by such third party is in relation to goods/services not covered in the scope of the registration of the proprietor and also there exists little possibility of the public getting confused as regards the origin of goods. In the instant case, the mark "*Darjeeling*" was used by the Defendant in relation to a lounge area, where a variety of beverages were served. This lounge was accessible to a limited set of people. Thus, there was little scope that the members of the public will be confused about the origin of the goods provided by or services rendered by the Defendant, if the word "*Darjeeling*" is used as the name of the lounge area by the Defendant.

Further, as the matter was at an interim stage, the Court did not take a conclusive view on the cross category claim in cases of GI infringement. A reading of the GI Act reveals that it is the clear intention of the legislature to restrict the applicability of the GI Act to goods only, thereby excluding services from the scope of the GI Act. Therefore, the applicability of the GI Act for infringement claim vis a vis services is yet to be tested conclusively.

- **Aarushi Jain & Gowree Gokhale**

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1 GA No.3137 of 2010 and CS No.250 of 2010.

2 Agreement on Trade Related Aspect of Intellectual Property Rights.

3 <http://www.ipindia.nic.in/girindia/>

4 Trademark No: 831599.

5 Trademark No: 532240.

6 Section 2 (e) of the Trademarks Act, 1999.

7 Supra no.3.

8 Explanation 1 and 2 of Section 22 (1) (b) of GI Act.

9 [http://www.wto.org/english/res\\_e/booksp\\_e/casestudies\\_e/case16\\_e.htm](http://www.wto.org/english/res_e/booksp_e/casestudies_e/case16_e.htm);

<http://www.hindu.com/biz/2007/02/05/stories/2007020501161700.htm>

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