

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

IN THE HIGH COURT AT CALCUTTA
ORDINARY ORIGINAL CIVIL JURISDICTION

TEA BOARD, INDIA

-Versus-

ITC LIMITED

For the Plaintiff:

Mr S.K. Kapur, Sr Adv.,
Mr Ranjan Bachawat, Adv.,
Mr Vipul Kundalia, Adv.,
Mr Ravi Kapur, Adv.,
Ms Sonal Shah, Adv.,
Mr Prithwiraj Sinha, Adv.,
Mr Kushagra Shah, Adv.

For the Defendant:

Mr Anindya Mitra, Sr Adv.,
Mr S. N. Mookerjee, Sr Adv.,
Mr Ratnanko Banerji, Adv.,
Mr Abhrajit Mitra, Adv.,
Mr Sarvopriya Mukherjee, Adv.,
Mr Soumya Sen, Adv.,
Mr Shaunok Mitra, Adv.,
Mr Arunava Mukherjee, Adv.,
Mr Debamitra Adhikari, Adv.,
Ms S. Parveen, Adv.,
Ms Mitul Dasgupta, Adv.

Hearing concluded on: April 13, 2011.

BEFORE

The Hon'ble Justice

SANJIB BANERJEE

Date: April 20, 2011.

SANJIB BANERJEE, J. :-

The two parties have locked horns over “Darjeeling” in Calcutta. The claimant asserts exclusivity over “Darjeeling” and insists that it may not be used by the defendant without leave; the defendant extols the virtues of the sights and sounds of the idyllic crucible of nature’s bounty that answers by that lilting description and maintains that there is more to “Darjeeling”- its misty mornings, alluring snow caps in the distance and the innocence of its apple-cheeked children – than the tea that is grown thereabouts.

The plaintiff is a statutory body set up under the Tea Act, 1953. The plaintiff is the registered owner of the two sets of trade marks. The marks are word “Darjeeling” and a round device featuring the exquisite profile of a lady to the right holding the easily recognisable two-leaves-and-a-bud in her left hand and the word “Darjeeling” spelt out on the edge running from 9 o’clock to 12 o’clock. The word and device marks are independently registered under the Geographical Indication of Goods (Registration & Protection) Act 1999 and the Trade Marks Act, 1999.

The plaintiff’s grievance here is in the defendant naming a section of its luxurious ITC Sonar Hotel in the city as the “Darjeeling Lounge.” The plaintiff has run its case at several levels: first claiming that the use of “Darjeeling” in the name of the exclusive lounge amounts to infringement of the plaintiff’s “Darjeeling” geographical indication mark and certification mark; that, at any rate, it amounts to passing-off; and, that it leads to dilution of the “Darjeeling” brand which is only the plaintiff’s to exploit.

The defendant attempts to cut the plaintiff’s case at the very root. The defendant says that before discrediting the claim on the basis of what can and does go on at the defendant’s “Darjeeling Lounge,” it is the very foundation of the claim which is flawed. The defendant reads the Geographical Indications (GI) Act to permit a grievance relating to the breach of a right conferred by the registration of a mark thereunder to be restricted to goods. It suggests that since the GI Act is concerned with goods and seeks to protect only goods that have an

element of distinctiveness on account of quality or reputation or other characteristic which is attributable to their geographical origin, the registration thereunder permits a complaint by a proprietor against any person or persons connected with the goods complained of; but does not stretch the rights conferred by registration thereunder to proceed against any service or persons connected with the service complained of.

The merits of the plaintiff's complaint – the prima facie case that is the lot of the interlocutory court – would not much detain the assessment; it is the more deep-rooted criticism by the defendant of the plaintiff's perceived cause of action that may. The defendant wants the GI Act understood as providing protection only to goods against goods and persons connected therewith and not having room enough to allow a complaint by a registered proprietor against any service or persons connected with the impugned service.

The GI Act announces in its preamble that it provides for the registration and better protection of geographical indications relating to goods. In its statement of objects and reasons, the bill that preceded the Act proclaimed that unless a geographical indication was protected in the country of its origin, there would be no obligation under the agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) for other countries to extend reciprocal protection and that would be to the detriment of goods bearing Indian geographical indications in the international market. Section 2(1)(f) of the GI Act defines "goods" to mean any agricultural, natural or manufactured goods or any goods of handicraft or of industry including foodstuff. The following sub-section gives an inclusive definition of "indication" to imply any name, geographical or figurative representation or any combination of them conveying or suggesting the geographical origin of the goods to which it applies. Section 2(1)(e) of the GI Act is of the very essence of this statute:

"2. Definitions and interpretation. – (1) In this Act, unless the context otherwise requires,- ...

- (e) “geographical indication”, in relation to goods, means an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case may be.

Explanation.- For the purposes of this clause, any name which is not the name of country, region or locality of that country shall also be considered as the geographical indication if it relates to a specific geographical area and is used upon or in relation to particular goods originating from that country, region or locality, as the case may be;”

After the preliminary chapter of the GI Act that includes the title and definition sections, the second chapter deals with the registry and the conditions for registration. The following chapter deals with the procedure for and duration of registration and the fourth chapter deals with the effect of registration. Chapter IV has five sections: Section 20 is equivalent to Section 27 of the Trade Marks Act and recognises an action for infringement to be brought only on the basis of a registered geographical indication. Sub-section (2) keeps the world of passing-off beyond the pale of the statute. Sections 21 and 22 detail the rights conferred by registration under the Act and what would amount of infringement, respectively. Section 21 of the Act and Section 22 (1) thereof are relevant for the present purpose:

“21. Rights conferred by registration. –(1) Subject to the other provisions of this Act, the registration of a geographical indication shall, if valid, give,-

- (a) to the registered proprietor of the geographical indication and the authorised user or users thereof to obtain relief in respect of infringement of the geographical indication in the manner provided by this Act;

- (b) to the authorised user thereof the exclusive right to the use of the geographical indication in relation to the goods in respect of which the geographical indication is registered.

(2) The exclusive right to the use of a geographical indication given under section (b) of sub-section (1) shall be subject to any condition and limitation to which the registration is subject.

(3) Where two or more persons are authorised users of geographical indications, which are identical with or nearly resemble each other, the exclusive right to the use of any of those geographical indications shall not (except so far as their respective rights are subject to any conditions or limitations entered on the register) be deemed to have been acquired by anyone of those persons as against any other of those persons merely by registration of the geographical indications, but each of those persons has otherwise the same rights as against other persons as he would have if he were the sole authorised user.”

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

- (a) uses such geographical indication by any means in the designations or presentation of goods that indicates or suggests that such goods originate in a geographical area other than the true place of origin of such goods in a manner which misleads the persons as to the geographical origin of such goods; or
- (b) uses any geographical indication in such manner which constitutes an act of unfair competition including passing off in respect of registered geographical indication.

Explanation 1. – For the purposes of this clause, “act of unfair competition” means any act of competition contrary to honest practices in industrial or commercial matters.

Explanation 2. – For the removal of doubts, it is hereby clarified that the following acts shall be deemed to be acts of unfair competition, namely:-

- (i) all acts of such a nature as to create confusion by any means whatsoever with the establishment, the goods or the industrial or commercial activities, of a competitor;

- (ii) false allegations in the course of trade of such a nature as to discredit the establishment, the goods or the industrial or commercial activities, of a competition;
 - (iii) geographical indications, the use of which in the course of trade is liable to mislead the persons as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods;
- (c) uses another geographical indication to the goods which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the persons that the goods originate in the territory, region or locality in respect of which such registered geographical indication relates.”

Section 23 of the GI Act, like Section 31 of the Trade Marks Act, recognises registration of a geographical indication to be prima facie evidence of its validity. Section 24 of the GI Act prohibits assignment, transmission, licensing, pledge, mortgage and the like of the rights in respect of the registered geographical indication. Such provision is a departure from the general right of assignment and transmission of a registered mark under the trade mark law. In a sense, such bar may be a complete answer to one of the major planks of the plaintiff's contention that the defendant may use the word “Darjeeling” only upon licence in such regard being obtained from the plaintiff.

Chapter V of the GI Act contains two sections that prohibit the registration of a geographical indication as a trade mark and accord protection to certain trade marks. Section 26(4) which falls in this chapter has been referred to in great detail by the parties and needs to be noticed in the context :

“ 26. Protection to certain trade marks. - ...

- (4) Notwithstanding anything contained in the Trade Marks Act, 1999 or in this Act, no action in connection with the use or registration of a trade mark shall be taken after the expiry of five years from the date on which such use or registration infringes any geographical indication registered under this Act has become known to the registered proprietor or authorised user registered in respect of such

geographical indication under this Act or after the date of registration of the trade mark under the said Trade Marks Act subject to the condition that the trade mark has been published under the provisions of the said Trade Marks Act, 1999 or the rules made thereunder by that date, if such date is earlier than the date on which such infringement became known to such proprietor or authorised user and such geographical indication is not used or registered in bad faith.”

The four other chapters of the GI Act cover rectification and correction of the register; appeals to the appellate board; offences and penalties; and, miscellaneous provisions. These chapters have not been placed with any great emphasis by the parties though Section 37 thereof, which is the first section in Chapter VIII that deals with offences, penalties and procedures, may be of some interest as it stresses on “goods” in its every limb in spelling out the meaning of applying geographical indications. Such provision may be juxtaposed against the corresponding Section 101 under the Trade Marks Act that extends the deeming provision thereunder to both goods and services.

Apart from the plaintiff’s claim on the basis of its geographical indication, “Darjeeling”, the plaintiff also asserts its rights as the owner of the certification marks that confer special rights under Chapter IX of the Trade Marks Act. Such stand-alone chapter of the Trade Marks Act has 10 Sections. Section 69 precludes the applicability of certain statutory provisions relating to general trade marks to certification trade marks. The next five sections deal with the registrability of certification trade marks, applications for such purpose, the considerations relevant for registration, the procedure for opposition to an application for registration and the filing of regulations governing the use of a certification trade mark. It is such regulations relating to the use of certification trade marks that set certification trade marks apart from regular trade marks. “Certification trade mark” is defined in Section 2(1)(e) of the Act and contemplates the proprietor authorising the use of the certification trade mark by others in accordance with the regulations governing the use thereof which have

to be statutorily filed with the trade marks registry. Certification trade marks apply to both goods and services as would be evident from its definition and from Sections 70 and 75 of the Act. Sections 2(1)(e), 70 and 75 of the Trade Marks Act are relevant in the context:

“2. Definitions and interpretation.- (1) In this Act, unless the context otherwise requires,- ...

(e) “certification trade mark” means a mark capable of distinguishing the goods or services in connection with which it is used in the course of trade which are certified by the proprietor of the mark in respect of origin, material, mode of manufacture of goods or performance of services, quality, accuracy or other characteristics from goods or services not so certified and registrable as such under Chapter IX in respect of those goods or services in the name, as proprietor of the certification trade mark, of that person;”

“70. Registration of certification trade marks.-A mark shall not be registrable as a certification trade mark in the name of a person who carries on a trade in goods of the kind certified or a trade of the provision of services of the kind certified.”

“75. Infringement of certification trade marks.-The right conferred by section 78 is infringed by any person who, not being the registered proprietor of the certification trade mark or a person authorised by him in that behalf under the regulations filed under section 74, using it in accordance therewith, uses in the course of trade, a mark, which is identical with, or deceptively similar to the certification trade mark in relation to any goods or services in respect of which it is registered, and in such manner as to render the use of the mark likely to be taken as being a use as a trade mark.”

One needs must address the fundamental point of principle raised by the defendant: that the rights of the plaintiff in respect of its registered marks are only to protect goods and cannot be extended to any form of services. The first part of such contention is that in so far as the plaintiff is the registered proprietor of a geographical indication and the GI Act is confined only to goods, the plaintiff cannot have any cause of action against any service that may use the identical

geographical indication. The second part of the submission on such score implies that if a certification mark is in respect of any goods, a complaint of infringement may be brought against any other goods or persons connected therewith; or if a certification trade mark is in respect of any services, a complaint may be brought against any other service or persons connected therewith: but a complaint may not be brought by the registered proprietor of a certification trade mark relating to goods against any service or persons connected therewith; and, the registered owner of a certification trade mark relating to any service may not complain against any infringing goods or persons connected therewith. The point raised as to the cross-category impermissibility of a complaint, in case of both a geographical indication and a certification trade mark, does not have to be conclusively answered at this stage. There is no application for rejection of the plaint on the ground that it does not disclose any cause of action. But since the point has been urged, a tentative view has to be expressed for, if a cross-category objection cannot be maintained, there is no question of entering into the merits of the matter any further.

The objection as to the tenability of a cross-category complaint has to be dealt with differently for the two species of rights that the plaintiff canvasses. In respect of certification trade marks, registration may be obtained both in respect of goods and services. Just as there could be products which are certified on the basis of their origin, material, mode of manufacture or other characteristics, types of services may also be certified on the basis of the quality, accuracy or other special features. It would then defy reason that an unauthorised user of a certification mark relating to any goods is used by a service provider without the registered proprietor of the certification mark having any right to complain. Say, cooks from Lucknow are permitted to use the "Lucknavi" certification mark as indicative of their services. If then, a packet of biriyani claims to be "Lucknavi", it cannot be said that the proprietor or authorised user of the certification service mark would have no cause of action against the impugned mark in respect of the goods complained of.

In the case of geographical indication, however, the matter may be slightly different. The focus of the GI Act is on goods; so much so, that in the chapter relating to offences, there does not appear to be a direct recourse against any service wrongfully appropriating a registered geographical indication. Yet, both in the deeming provision of Section 22(1)(b) of the GI Act and in recognising other forms of passing-off in Section 20(2) thereof, the GI Act may not altogether preclude a cross-category complaint.

The matter at hand need not be assessed on the abstract underlying principle of the GI Act. Though the plaintiff has referred to several authorities none is apposite in the context. The plaintiff has relied on a judgment reported at AIR 1968 Cal 582 (*Imperial Tobacco Co. of India Ltd v. Registrar of Trade Marks*) for the proposition that long before the GI Act, Section 9 of the Trade Marks Act, 1958 prohibited the registration of a trade mark with a geographical name. The plaintiff has also placed a judgment reported at (2008) 13 SCC 30 (*Entertainment Network (India) Ltd v. Super Cassette Industries Ltd*) for the applicability of international conventions in Indian law. In dealing with the defendant's contention that the claim may be barred under Section 26(4) of the GI Act, the plaintiff has relied on the judgments reported at (1994) 2 SCC 448 (*Power Control Appliances v. Sumeet Machines (P) Ltd*) and AIR 1998 Cal 261 (*Allergan Inc v. Milment Oftho Industries*) to suggest that the acquiescence on the plaintiff's part should have amounted to acceptance of the defendant's use of "Darjeeling" in connection with its lounge for the bar under Section 26(4) of the GI Act to operate. The plaintiff has also relied on a recent, yet unreported, decision of the Supreme Court rendered on March 3, 2011 in Civil Appeal Nos. 6314-15 of 2001 (*T.V. Venugopal v. Ushodaya Enterprises Ltd*) for the submission recorded therein as to the dilution of a mark. The plaintiff has placed McCarthy on *Trademarks and Unfair Competition* to emphasise on the dilution doctrine, particularly on dilution by blurring. As to the legal meaning of "good faith", the plaintiff has relied on a judgment reported at (2007) 11 SCC 407 (*Asstt Commr, Anti-Evasion*

Commercial Taxes v. Amtek India Ltd). The plaintiff has cited the Scotch Whisky case reported AIR 1992 Bom 294 (*The Scotch Whisky Association v. Pravara Sahakar Shakar Karkhana Ltd*) for the recognition therein that the assertion by the defendant that its whisky was blended with Scotch amounted to misrepresentation or actionable wrong of passing-off. The plaintiff has also relied on the decision to meet the objection on the ground of delay raised by the defendant. Another judgment reported at AIR 1996 Bom 149 (*Kirloskar Diesel Recon Pvt. Ltd v. Kirloskar Proprietary Ltd*) has been carried by the plaintiff for the principle that a case of dishonesty does not have to be made out while complaining of infringement. A judgment reported at 25 PTC 438 (*Caterpillar Inc v. Mehtab Ahmed*) has been placed on the doctrine of dilution. A judgement reported at (2002) 3 SCC 65 (*Laxmikant V Patel v. Chetanbhai Shah*) has been cited for the general principles relating to the grant of interlocutory relief on the basis of likelihood of damage rather than actual damage. The plaintiff has also referred to a judgment rendered by a Court in France where it restrained the use of the word “Darjeeling” together with a teapot in connection with stationery goods.

The defendant applied for registration of “Darjeeling” lounge as a trade mark and the plaintiff claims that it came to know of such application upon it being advertised. The plaintiff says that upon enquiries, it discovered that a part of the ground floor in the defendant’s hotel had been named “Darjeeling Lounge.” The plaintiff claims that the lounge is rather like a restaurant where food beverages are served. The plaintiff caused a letter to be issued to the defendant in June, 2005 asserting the plaintiff’s exclusive rights in the geographical indication for the name “Darjeeling” and called upon the defendant to refrain from using the mark. In July, 2005, the plaintiff filed its opposition to the defendant’s application for registration. In September, 2005 the defendant replied to the plaintiff’s letter of June, 2005 and refused to discontinue the name of its lounge. The plaintiff claims that following its opposition, the defendant abandoned its

application for registration. In February, 2006 and May, 2008 the plaintiff issued two further letters to the defendant complaining of impropriety on the defendant's part in using "Darjeeling" as part of the name for its lounge.

The defendant contends that its lounge is named "Darjeeling" to give its hotel in Calcutta a flavour of Bengal. It says that its banquet hall at the hotel is called "Pala," another lounge is named "Bay of Bengal" and the lawn at its hotel is known as "Sundarbans." The plaintiff is quick to point out, however, that the various portions of the defendant's hotel do not bear references exclusively to this state or its history or geography as a Dublin bar or Dumpukht and Peshawari restaurants thereat would not otherwise have figured.

The defendant says that its "Darjeeling Lounge" has been functional from the inception of its hotel in January, 2003 and prior to the GI Act coming into force on September 15, 2003. The defendant asserts that its lounge is restricted to the guests at its high-end rooms and it is not open to any one walking in to the hotel since it can be accessed only by the room-cards of a certain category of rooms. The defendant serves beverages and drinks of all types at such lounge and says that there is no possibility of any misrepresentation in the name of the lounge or in the services rendered thereat. The defendant relies on Section 26(4) of the GI Act and says that since the plaintiff claims to have been aware of the defendant's "Darjeeling Lounge" in April, 2005 and the suit was lodged more than five years thereafter, the defendant is entitled to the protection accorded by the relevant provision. The plaintiff offers several answers to such ground of defence. The plaintiff says that it has protested the defendant's use of the word "Darjeeling" in connection with its lounge and nothing in its conduct would amount to acquiescence therein. The plaintiff says that it has a continuing cause of action and Section 26(4) cannot be read to prescribe a period of limitation. In any event, the plaintiff asserts that it has alleged the defendant's use of "Darjeeling" in connection with the lounge to be *mala fide* and that has to be assessed on evidence since the final limb of Section 26(4) of the GI Act protects a

claimant's right to complain if the geographical indication is used by another in bad faith.

The defendant's use of "Darjeeling" is not in connection with the designation or presentation of any goods. The first limb of Section 22(1) of the GI Act is not available to the plaintiff. The second limb conceives of the use of any geographical indication which would constitute an act of unfair competition including passing-off. The expression "unfair competition including passing off" would not, by reason of the explanations in the relevant sub-section, imply that every kind of passing-off would amount to unfair competition. The expression has to be understood to mean that certain kinds of passing-off, not all, would amount to unfair competition as defined. The phrase used is "unfair competition" and not "unfair practice" or "unfair trade practice," though it seems to have been borrowed from the TRIPS agreement and not uniquely coined. If every kind of passing-off amounted to unfair competition, Section 20(2) of the GI Act would be otiose.

Passing-off as in Section 20(2) of the GI Act has to be seen in the light of what it implies in trade mark law. As to whether any goods or services are passed off as some other goods or services would depend on a variety of factors ranging from the nature of the marks, their resemblance, the nature of the goods and services, the similarity of the character of the goods and services, the mode of accessing the goods or services and other surrounding circumstances.

The word "Darjeeling" – as precious to tea as it may be as champagne to sparkling wines of that province in France – cannot be exclusively claimed by the plaintiff by virtue of its registration as a geographical indication or as a certification trade mark. Even for a case of passing-off, the use of "Darjeeling" by a person other than the plaintiff can be complained of if the word or the geographical indication has any nexus with the product with which it is exclusively associated upon the registration. It is not necessary to consider whether a "Darjeeling Tea Stall" selling only hot cups of tea can entitle the

plaintiff to carry a complaint in respect thereof or a “Darjeeling Tea House” selling all varieties of packaged tea can be said to be in derogation of the plaintiff’s rights. The defendant’s “Darjeeling Lounge” is an exclusive area within the confines of its hotel which is accessible only to its high-end customers. The lounge is a place where such customers and accompanying visitors may frequent, and even sip Darjeeling tea or any other beverage or drink, but there is scarcely any likelihood of deception or confusion in the lounge being named “Darjeeling” for the plaintiff to be granted to any order that it seeks.

As to the case of dilution, the name “Darjeeling” has been extensively used in trading and commercial circles for decades before the GI Act was enacted. In a 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. But the word “Darjeeling” has been and continues to be so widely used as a business name or for like purpose for so long that the plaintiff’s recent registration would, prima facie, not entitle it to enjoy the kind of exclusivity that it asserts.

GA No. 3137 of 2010 is dismissed without any order as to costs.

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(Sanjib Banerjee, J)

