

# **The Protection of Geographical Indications in India & Europe: A Comparative Study by Rajendra Kumar, Counsel & Senior Advisor, K&S Partners | Intellectual Property Attorneys**

## **ABSTRACT**

Europe’s legal regime for protection of Geographical Indications (GI) primarily comprises of highly evolved, multi-sectoral regulations pertaining to products and produce - from agricultural products to wines & spirits, and more such items. In contrast, the legal evolution of GI in India is still at a nascent stage.

In the article author Rajendra Kumar undertakes a comparative study of the legal regimes available for the protection of GI in Europe and India. With the help of case studies and literature from the European Union and India, he reviews European advancements in interpreting and enforcing GI protection and further argues for a broader interpretation of the principles of unfair competition under the GI law in India, in the interest of better consumer protection and producers’ competitive interests.

## **INTRODUCTION**

This article is a comparative study of the legal regimes available for the protection of geographical indications (GI) in Europe and India.

Europe’s legal regime primarily comprises a mosaic of sectoral regulations pertaining to products and produce. For example, Regulation 1151/2012 relates to GIs of agricultural products, while Regulation 1308/2013 covers GIs of wines & Regulation 787/2019 covers GIs of spirits. Most GI protection provisions across various sectoral regulations are broadly identical. Till September 2021, it had been an open issue in Europe whether the protection under these Regulations extended beyond the competitive space for conforming products to goods & services in non-competitive contexts (similar & dissimilar).

In contrast to the multi-sectorial and complex GI protection provided by the EU’s legal regime, the legal evolution in India is still at a nascent stage. Although the High Courts of Bombay, Delhi & Calcutta have examined disputes relating to the misuse of geographical indications, only the Calcutta High Court has had the opportunity to delve deep into and adjudicate on merits the scope of protection of GIs under the current legal regime in India. We will delve into both – the European and Indian – case-studies further along in the article.

The article, through case studies and literature, reviews European advancements in interpreting and enforcing GI protection and further, argues for a broader interpretation of the principles of unfair competition under the GI law in India in the interest of better consumer protection and producers’ competitive interests.

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**The Levels of Protection of Geographical Indications & Trade Marks in international law**

Most countries' trademark laws today follow the Guidelines enshrined in the Joint WIPO Recommendations of September 29, 1999. These Guidelines represent the collective consensus of member countries of WIPO and provide a broad level of protection to well-known trademarks. The Guidelines state that 'irrespective of the goods and/or services for which a mark is used, is the subject of an application for registration, or is registered, that mark shall be deemed to be in conflict with a well-known mark where the mark, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration of the well-known mark.'

On the other hand, in the absence of a similar international consensus in the field of GIs, the protection of reputed GIs has not risen globally to the same or similar high standards. There are, however, the WIPO-administered Lisbon Agreement of 1958 and its latest incarnation, the Geneva Act (together known as 'the Lisbon System') which provide for a very high level of protection to registered appellations of origin and/or GIs. Under the Lisbon System, the eligible appellations/GIs enjoy protection not only against goods of the same kind but also those that are not of the same kind. In respect of the latter category, the Geneva Act provides that, if such use would indicate or suggest a connection between those goods or services and the beneficiaries of the appellation of origin or GI, and would be likely to damage their interests, or, where applicable, because of the reputation of the appellation of origin or GI in the contracting party concerned, such use would be likely to impair or dilute in an unfair manner or take unfair advantage of that reputation. But the Lisbon System is currently of limited territorial reach. While the Lisbon Agreement currently has 55 contracting parties (including the 27 EU member states), the Geneva Act offers protection to 37 contracting parties. India is not yet a member of the Lisbon System.

The TRIPs Agreement is today universally acknowledged as the de facto constitutional law of intellectual property. It provides common minimum norms for all forms of intellectual property, in all the member countries of the World Trade Organisation. Section 3 of the TRIPs Agreement deals with GIs.

Representing the accumulated confluence of international legal experience and debate, the TRIPs Agreement defines 'geographical indications' to mean 'indications which identify a good as originating in the territory of a member, or a region or locality in that territory, where a given quality, reputation or other characteristics of the good is essentially attributable to its geographical origin.' The definition encompasses geographical names (viz., Darjeeling tea, Champagne wines, Antigua coffee, Colombian coffee, Cuban cigars etc.) as well as traditional non-geographical names ( viz., Basmati rice, Feta cheese etc.). However, while Section 2 of the TRIPs Agreement relating to 'Trademarks' envisages a high level of protection for well-known trademarks against their misuse or usurpation in competitive and non-competitive contexts involving similar and dissimilar goods or services, Section 3 on 'Geographical Indications' through its Articles 22-24 does not contain a similarly broad mandate.

Despite the lack of a specific universally applicable mandate for high-level protection for GIs, the courts around the world in general and in particular, Europe, have interpreted the applicable legislation in their jurisdictions to expand and extend such protection to deserving well-known GIs.

## European GIs Faring in Europe

The question of whether GI protection under European law extends beyond the registered products to similar or dissimilar goods or services has been examined by the European courts from time to time. In the context of Regulation 1308/2013, pertaining to GIs of wines, this question came up for consideration before the Court of Justice of the European Union (CJEU) on a reference received from the Spanish Provincial Court, Barcelona. The claimant, the Comité Interprofessionnel du Vin de Champagne (CIVC). CIVC is a semi-public organisation with a legal personality recognised under French law and responsible for safeguarding the interests of Champagne producers. The CJEU, in this judgement, paved the way for a high level of protection for GIs across the relevant sectoral regulations.

It was asserting its rights in Champagne GI under Regulation 1308/2013 against a tapas bar service for using the disputed name 'CHAMPANILL'. It was seeking to prohibit the use of the term CHAMPANILLO (which in Spanish means 'little champagne') on the ground that the use of that sign infringes the protected designation of origin (PDO) 'Champagne'. In addition, the defendant was using a photograph of two glasses of sparkling red wine in the signage and advertisements for his catering establishment as shown below:



The defendant, David Iglesias Garcia, claimed that the sign CHAMPANILLO was being used as a trade name for catering premises (tapas bars) and that there was no likelihood of confusion with the products covered by the name ‘Champagne’ and no intention of taking unfair advantage of the reputation of that name.

By its judgment dated July 13, 2018, the Commercial Court rejected all the CIVC’s claims, holding that the use of the sign CHAMPANILLO did not constitute an evocation in breach of the ‘Champagne’ PDO, since the said disputed sign was intended to designate not an alcoholic beverage but catering services (where Champagne was not even served) for the provision of food products other than those protected by the PDO.

CIVC appealed against this judgment before the Provincial Court, Barcelona. While seeking reversal of the first instance judgment, CIVC emphasised that the defendant’s use of the disputed name was accompanied by the image of two Champagne glasses containing a sparkling beverage in advertising its premises; that the defendant’s two prior attempts to register the sign CHAMPANILLO were earlier rejected by the Spanish Patent Office following opposition from the CIVC. The Provincial Court had doubts as to the scope and correct interpretation of the provisions of EU law on the protection of a PDO (Article 103 of Regulation No 1308/2013) in a situation where the sign allegedly in conflict with the PDO was used in the course of trade to designate not goods but services. In these circumstances, the Provincial Court referred several questions for a preliminary ruling to the CJEU including the following:

*Does the scope of protection of [a] designation of origin make it possible to protect that designation of origin not only against similar products but also against any services which may be associated with the direct or indirect distribution of those products?*

**On April 27, 2021**, the Advocate General gave his opinion on the relevant provision of the Regulation and the question referred to. For convenience, the provision reads as follows:

**Article 103(2)** of Regulation 1308/2013 entitled ‘Protection’, provides:

*‘A protected designation of origin [(PDO)] and a protected geographical indication [(PGI)], as well as the wine using that protected name in conformity with the product specifications, shall be protected against:*

- (a) any direct or indirect commercial use of that protected name:*
  - (i) by comparable products not complying with the product specification of the protected name; or*
  - (ii) in so far as such use exploits the reputation of a designation of origin or a geographical indication;*
- (b) any misuse, imitation or evocation, even if the true origin of the product or service is indicated or if the protected name is translated, transcribed or transliterated or accompanied by an expression such as “style”, “type”, “method”, “as produced in”, “imitation”, “flavour”, “like” or similar.*

Reiterating that Regulation No 1308/2013 constitutes an instrument of the common agricultural policy aimed, inter alia, at preventing improper third party uses of the registered

designations motivated by a desire to profit from the reputation & quality enjoyed by the complying products, the Advocate General interpreted Article 103(2) that it provides wide-ranging protection to prohibit all ‘uses which take advantage of the reputation enjoyed by such products; that this wide-ranging protection permeates both the limbs of Article 103(2):

- *‘any direct or indirect commercial use’ under Article 103(2)(a)(ii) is not confined to situations of disputed use on products only, to the exclusion of services. In specifying that the prohibition applies in so far as such use exploits the reputation of a registered designation, that provision emphasises the effects of the use and not a particular type of use.*
- *By express words, Article 103(2)(b) protects registered designations against ‘any misuse, imitation or evocation, even if the true origin of the product or service is indicated’.*

**On September 9, 2021**, in line with the Advocate General’s opinion, the CJEU gave its response to the questions referred.

Agreeing with the opinion of the Advocate General given on April 27, 2021, the CJEU found that:

1. Regulation 1308/2013 protects PDOs and PGIs vis-à-vis conduct in respect of both products and services. The Regulation is essentially intended:
  - to assure consumers of the provision of origin-guaranteed products bearing certain specific characteristics attributable to their provenance and reward the concerned producers with higher incomes in return for a guarantee of quality;
  - to prevent improper use of those designations by third parties motivated by a dishonest intention to seek profit from the reputation derived from the quality of these products.
2. The Regulation establishes wide-ranging protection intended to extend to all uses that involve an unfair use of the reputation enjoyed by the products bearing the protected designations. This would also advance the mandate under Article 97 of the Regulation that ‘in order to promote fair competition and not to mislead consumers, this protection should extend to products and services not covered by the Regulation;
3. This Regulation constitutes an instrument of the common agricultural policy whose purpose is essential to guarantee consumers that agricultural products bearing a geographical indication registered in accordance with the said Regulation present, due to their origin from a geographical area concrete, certain particular characteristics and therefore offer a guarantee of quality due to their geographical origin.
4. In these circumstances, an interpretation of Article 103(2)(b) of Regulation No. 1308/2013 that does not allow a PDO to be protected when the sign at issue designates a service would not only be inconsistent with the broad scope recognizes the protection of registered geographical indications, but, moreover, would not allow this protection objective to be fully achieved, since it is also possible to take

unfair advantage of the reputation of a product covered by a PDO when the practice contemplated in that provision refers to a service.

5. The Regulation contains a graduated list of conduct based on the nature of the conduct:
  - (i) At the first level, Article 103(2)(a)(ii) is intended to prohibit any direct or indirect use of a registered designation that takes advantage of the reputation of such designation, in a form that is phonetically identical or similar to that designation;
  - (ii) At the second level, Article 103(2)(b) is intended to prohibit conduct that does not directly or indirectly use the protected name itself, but instead, uses a sign which evokes directly, in the mind of an average European consumer who is reasonably well-informed, observant and circumspect, an image of the product covered by the registered designation. The link must be sufficiently clear and direct. Consistent with the broad scope of protection available to registered designations under the Regulation against all 'unfair use' situations, Article 103(2)(b) would extend to prohibit conduct where the disputed sign designates a service. The concept of 'evocation' does not require that the product covered by the registered designation and the product or service covered by the disputed name be identical or similar.
6. The disputed sign at issue, CHAMPANILLO, comprising CHAMPAN (a Spanish term for Champagne) and ILLO (which means 'little' in Spanish), means 'little Champagne'. It is phonetically or visually far removed from the registered designation and thus does not fall within Article 103(2)(a)(ii).
7. It is up to the referring court to determine whether the disputed sign is an evocation within the meaning of Article 103(2)(b), taking into account all the relevant elements that characterise the use of the disputed sign.

Following the prescription provided by the CJEU, the Provincial Court of Barcelona proceeded to examine the dispute in light of the answers given. By its judgment dated March 18, 2022, the Provincial Court of Barcelona held that the defendant's use of the disputed sign constitutes an infringement by the evocation of the Champagne PDO, finding that:

1. there is visual, phonetic and conceptual similarity between the rival designations. In addition, the sign CHAMPANILLO is accompanied by an image of two glasses tilted together in a familiar gesture of toasting and bearing a shape & design traditionally associated with the consumption of Champagne.
2. the defendant uses the disputed sign to designate services linked to the marketing or consumption of beverages of the same type as the one protected by the Champagne PDA.
3. the defendant's use of the disputed name takes unfair advantage of the reputation enjoyed by the product protected by the Champagne PDO. It is not necessary that an

‘evocation’ under Article 103(2)(b) be based on a likelihood of confusion between the rival names or on any consumer expectation that Champagne is marketed in the defendant’s establishment or in the presence of a commercial link between the defendant and the companies authorised to sell Champagne and use the PDO.

## Indian GIs faring in Europe

### Darjeeling tea

*Darjeeling* tea has been a great commercial success in Indian and international markets. Tea Board, India is a statutory authority vested with the power to protect and promote the cachet of *Darjeeling* tea as a commercial and cultural heritage product of India. Globally, in published literature and debates surrounding GIs, *Darjeeling* tea is regularly exemplified as a success story of a very well-protected GI from India and is among the most well-known GIs, globally. *Darjeeling* tea’s ever-increasing export earnings over the decades are a testimony to its significant commercial importance. This is evident from the booklet on GIs by WIPO which lists *Darjeeling* tea as a prominent GI protected around the world. Please refer to page 36 of this link to see how WIPO and the world see *Darjeeling*:

[https://www.wipo.int/edocs/pubdocs/en/geographical/952/wipo\\_pub\\_952.pdf](https://www.wipo.int/edocs/pubdocs/en/geographical/952/wipo_pub_952.pdf).

In 2018, the Food & Agriculture Organization of the United Nations (FAO) and the European Bank conducted a joint study on a number of GIs from developing countries ‘to provide additional evidence regarding the economic impacts of GIs on value chains and producers. *Darjeeling* tea was one of the seven case studies covered in this study. The study report available at <http://www.fao.org/3/i8737en/i8737en.pdf> ‘confirms a significant positive effect of GIs on price, regardless of the type of product and describes the example of *Darjeeling* tea in the following words:

*The Tea Board has played a vital role in the development of the Darjeeling GI. Its strategy is based on the development of international markets, while local dynamics are taken into little account...Darjeeling tea benefits from a major premium as against other Indian teas, and registration of the PGI by the European Union has led to a considerable increase in permanent jobs in the sector... The implementation of various strategies to protect the name is fundamental in safeguarding the reputation of the value chain.*

The continuing cachet for *Darjeeling* tea globally and its protection is the *sine qua non* for its sustained economic and cultural stature. Among the diverse steps taken by Tea Board, the protection of valuable intellectual property rights in the *Darjeeling* name and product constitutes the core of all enforcement actions taken by it. These efforts have operated at two levels, one where the name *Darjeeling* should not be used to describe tea from regions other than the designated *Darjeeling* gardens and at the other where it should be preserved against dilutive challenges of attempted use and/or registration of *Darjeeling* name or deceptive variants thereof beyond tea in respect of similar goods or services.

These efforts of the Tea Board have translated into many favourable rulings in various foreign countries where Tea Board has been enforcing rights in *Darjeeling* tea as a GI against third party usurpers. Some of these third parties were injuncted from diluting and eroding the cachet of ‘*Darjeeling*’ by using it in respect of dissimilar goods and services. In order for any GI to

enjoy continued protection overseas, it must meet the requirement of home protection as stipulated under Article 24.9 of the TRIPs Agreement.

In France, a French national, Jean-Luc DUSONG adopted and applied for the semi-figurative mark consisting of the name “DARJEELING” and the representation of a teapot on November 14, 2002, to designate the publication of books, and magazines. paintings, etchings, art books; paper, cardboard and all art publications: copperplate engravings, lithography, linocut; organization of exhibitions for commercial or advertising purposes; distribution of brochures, samples, newspaper subscription services to third parties; and communication consulting agency, products and services in classes 16, 35 and 41:



While the Tribunal de Grand Instance rejected Tea Board’s claim, the Court of Appeal in Paris upheld the same, finding that:

- (i) both India & France are signatories of the TRIPs Agreement & the Paris Convention.
  - Article 10bis of the Paris Convention prohibits any use of GIs constituting unfair competition, being an act of unfair competition contrary to honest practices in industrial and commercial matters.
  - The bad faith adoption of the disputed sign was writ large from the fact that the applicant used a teapot device along with the name ‘Darjeeling’ and promoted the said disputed sign by referring to the world of tea in his communication such as “it is our cup of tea.” Accordingly, the composite disputed sign undeniably evoked ‘*Darjeeling*’ tea.
  - Accordingly, since Mr. Dusong’s conduct was dictated by an intention to take advantage of the reputation, economic value and intellectual capital of *Darjeeling* tea, his acts constituted an act of parasitic competition amounting to unfair competition.
  - Owing to Dusong’s bad faith adoption and parasitic conduct amounting to unfair completion, it was of little significance that the products referred to in the registration under challenge were different. This use for products other than tea harms & undermines the prestige, distinctive nature and reputation of Darjeeling tea as a GI.

Invoking its earlier community collective mark registrations for Darjeeling & Darjeeling figurative mark in Europe under Council Regulation (EC) No 207/2009 of 26 February 2009



on the Community Trademark, Tea Board achieved another success in the General Court of Europe against the French company, Delta Lingerie's Community Trademark applications in classes 25 ('women's undergarments & day & night lingerie etc), 35 ('retailing of women's undergarments & day & night lingerie etc.') and 38 ('telecommunications, the computer-aided transmission of messages & images etc.'),



After an unsuccessful appeal before the Board of Appeal (BOA) of OHIM, the Tea Board filed a second appeal before the General Court of the European Union (GC). In the said second appeal, the Tea Board achieved partial victory as the GC upheld Tea Board's claim regarding Article 8(5), finding that:

- (i) the hypothetical premise on which the contested decision was based referred to a reputation of exceptional strength, that the positive qualities evoked by the word element 'DARJEELING' shared by the respective signs were capable of being transferred to some of the goods and services of Delta Lingerie, thereby strengthening the power of attraction of its mark.
- (ii) that the goods in class 25 of the mark applied for could benefit from the positive qualities conveyed by the name *Darjeeling* and, more specifically, the image of sophistication or exotic sensuality conveyed by the same.

In view of these findings, the GC annulled the contested decision and held that a risk of an unfair advantage could not be ruled out in respect of the goods in class 25 and retail services in class 35.

The French company has since allowed the applications to be abandoned.

### **Basmati rice**

The non-geographical term "*Basmati*" identifies a variety of long-grain aromatic rice originating from a specific geographical region of the Indian sub-continent (in particular, the north of India and the adjacent part of Pakistan, below the foothills of the Himalayas, which forms part of the Indo-Gangetic plain). *Basmati* rice is reputed

in the gastronomy sector, enjoying home registration as a GI in India and, further, subject to an application for protection in the European Union as a Protected Geographical Indication (IGP) under Regulation No.1151/2012 .

APEDA, a statutory body in India responsible for administering the rights in *Basmati* rice as a GI, opposed an application filed before the Spanish Patent Office for the following sign in class 43 in respect of “services for providing food and drink”.



APEDA invoked Article 5.1 g of the Spanish Trademark Act, Act No. 17/2001 which prohibits the registration as a trademark of those signs which are of such a nature as to deceive the public, for instance as to the nature, quality, or geographical origin of the goods or services.

Accepting the appeal filed by APEDA, the appeals section of the SPTO found that, given that the disputed sign features the term “Basmati” as a distinctive and dominant element, it could deceive consumers into a mistaken belief that the goods served in the restaurant have a specific quality, characteristics and geographical origin, which has not been specified in the description of the services claimed.

As an aside, it may be mentioned that the image accompanying the disputed mark BASMATI is that of a typical Indian wedding procession.

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## **GI Protection in India**

In India, GIs are protected under the following statutes:

- (i) Certification Mark under the provisions of the Trademarks Act, 1999 (the TM Act, 1999) came into force on September 15, 2003, as a successor Act to the Trade & Merchandise Marks Act, 1958. The new Act carries forward the Certification Mark provisions of the predecessor Act with the only modification that these now extend to services as well. The current definition reads as under:

*“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 is certified by the proprietor of the mark in respect of origin, 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.....” [the underlined parts reflect the extension to “services”]*

- (ii) Registration under a sui-generis legislation, “the Geographical Indications of Goods (Registration & Protection) Act, 1999 (hereinafter, “the GI Act”) which came into effect on September 15, 2003. The GI Act is primarily based on the mandate of the TRIPs Agreement relating to “geographical indications” [Articles 22-24, Section 3]. The Statement of Objects & Reasons accompanying the Act states:

*‘At present, there is no specific law governing geographical indications of goods in the country which could adequately protect the interests of producers of such goods. Exclusion of unauthorized persons from misusing geographical indications would serve to protect consumers from deception, add to the economic prosperity of the producers of such goods and also promote Indian geographical indications in the export market. Unless a Geographical Indication is protected in the country of its origin, there is no obligation under the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs) for other countries to extend reciprocal protection.’*

- The GI Act lays down elaborate machinery for registration and enforcement of GIs (both geographical and non-geographical/traditional names). The definition of “geographical indication” is broad enough to include agricultural goods, natural or manufactured goods, or any goods of handicraft or of industry, foodstuff originating in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristics of such goods is essentially attributable to its geographical origin and in a 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.
- While registration under the GI Act affords a most effective protection to a GI, even an unregistered GI claimant, whether Indian or foreign, is entitled to protect and enforce unregistered GI rights in India by invoking the common-law remedy of passing-off (in terms identical to what is available under the Trademarks Act):

*Nothing in this Act shall be deemed to affect rights of action against a person for passing-off goods as the goods of another or the remedies in respect thereof.”*

- Besides the common law remedy of passing off, the GI Act confers on registered proprietors a statutory remedy of infringement in registered geographical indications. Section 22 (1) provides:

*A registered GI is infringed by a person who, not being an authorised user thereof, -*

- (a) uses such GI 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 GI 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 competitor;*
- (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;*

### **The Right to the Name Darjeeling**

While the protection of GIs in India through the common law remedy of passing-off has yielded a wealth of judicial opinion consistent with the jurisprudence elsewhere, the scope of statutory protection under the GI Act is still in an inchoate state.

This is illustrated by Tea Board India’s unsuccessful effort, in the Calcutta High Court, to restrain the use of “*Darjeeling*” for lounge services located in a five-star hotel owned by the defendant, ITC as shown below:



The genesis of the dispute arose when the defendant's trademark application for DARJEELING LOUNGE in class 41 covering "providing of foods and drink, temporary accommodation, hotels, restaurant, and related services" with a claim of use since January 2003 was published in the Trade Marks Journal dated February 7, 2005. Aggrieved by the same, Tea Board notified ITC of its rights pertaining to *DARJEELING* GIs and called upon it to voluntarily cease and desist from registering and using the impugned mark. Following ITC's refusal to comply with Tea Board's requisitions, Tea Board proceeded to file:

- a. an opposition before the Trade Marks Office on July 15, 2005, within the statutory deadline, seeking rejection of ITC's trademark application;
- b. a suit before the Calcutta High Court on September 30, 2010, seeking an injunction for (i) infringement under the two statutes and (ii) passing-off and unfair competition under common law. It may be mentioned that the suit was filed after the Tea Board's repeated efforts to resolve the dispute with ITC did not yield any results.

#### **INFRINGEMENT UNDER THE GI ACT:**

It was Tea Board's case that:

- The GI Act mandates any association of persons or producers, or any organisation or authority established by or under any law for the time being in force and representing the interests of the producers of the concerned goods can apply for registration of a geographical indication. Accordingly, the statutory rights granted under the GI Act are deemed to be held on behalf of all the stakeholders covered within the definition of 'producer'.
- Section 22 confers a statutory remedy on a registered proprietor to restrain infringement of a registered GI by various acts including acts of unfair competition, namely, an act of competition contrary to honest practices in industrial or commercial matters;
- Section 22 (1) (b) reads with Explanation I thereof owes its origin to Article 10 bis of the Paris Convention, which India ratified in December 1998.
- The fact that Tea Board is a non-trading body is immaterial to the question of infringement under the GI Act since all GI owners under the Act are non-trading bodies. Thus, Tea Board is entitled to complain of unfair competition as an incident of infringement on behalf of the

respective stakeholders. **Other instances of unfair competition include the acts which amount to free riding or reaping without sowing, resulting in dilution of the repute or integrity of a given mark.**

- The defendant's use of the disputed name "DARJEELING" to describe its refreshment lounge does not constitute honest conduct in trade and is an act contrary to a duty to act fairly in relation to the legitimate interests of Tea Board as the owner of the GI "DARJEELING" due to the following admitted facts:
  - (i) Since the defendant's lounge is located outside the Darjeeling district and has been admittedly selling all kinds of beverages, alcoholic as well as non-alcoholic including Darjeeling tea, there cannot be any fair use justification for the use of "DARJEELING" to describe its lounge services.
  - (ii) The Defendant does not dispute the fame and reputation of Darjeeling tea and place name among members of the public including tourists. In fact, the defendant admits that Darjeeling tea is also served at its lounge, thereby acknowledging it as a famed GI.
  - (iii) the Defendant's bad faith is evident from the fact that, while, on the one hand, it is seeking exclusive trademark rights in the disputed name, on the other hand, it justifies its use of the name DARJEELING on the ground that it is a common national heritage. Both the claims are mutually exclusive.
  - (iv) Much before the GI Act came into force, the defendant had all along been aware that it was not permissible to register a trademark whose primary significance was geographical in nature. Its earlier attempt to register another well-known geographical name SIMLA in respect of cigarettes under the 1958 TMM Act was rejected by a Division Bench of the Calcutta High Court in 1968. [**Imperial Tobacco Co. Of India Ltd. vs Registrar of Trade Marks and Anr. (AIR 1968 Cal 582)**].

#### **PASSING-OFF:**

Traditionally, in the absence of any statutory rights, the claimants have invoked the common law remedy of passing off to restrain dishonest and wrongful conduct of defendants accused of using proprietary names, symbols or other indicia of plaintiffs. The remedy was generally understood to belong to the domain of private rights and intended to protect the commercial reputation and

goodwill of private traders. It is now settled law in common law jurisprudence that a definable group or class of producers has a collective right in the use of their geographical provenance as a protectable form of intellectual property, provided the products owe their collective reputation and goodwill to such origin. Looked at from this perspective, the right to use the geographical name does not belong to one single individual or company but is available to all legitimate producers and traders of the products concerned.

It was Tea Board's case that:

- (i) Tea Board is entitled to invoke the common law remedy of passing-off to protect the goodwill in the name DARJEELING as an intellectual property and enforce the same against misappropriation by third parties.
- (ii) Tea Board, a non-trading statutory body, acts as a custodian of the rights of the producers and traders of DARJEELING tea. That Tea Board is a non-trading body is immaterial while availing a passing-off remedy.
- (iii) The Indian courts have consistently applied & extended the principles of passing-off to restrain misuse of a trademark in respect of goods & services, whether similar or dissimilar without any need for proof of confusion & deception. The Supreme Court of India in *Toyota Jidosha Kabushiki Kaisha vs M/S Prius Auto Industries Limited*, decided on December 14, 2017 (2018) 2 SCC, has held that:  
*“Once the claimant who has brought the action of passing off establishes his goodwill in the jurisdiction in which he claims that the defendants are trying to pass off their goods under the brand name of the claimant's goods, the burden of establishing actual confusion as distinguished from possibility thereof ought not to be fastened on the claimant. The possibility or likelihood of confusion is capable of being demonstrated with reference to the particulars of the mark or marks, as may be, and the circumstances surrounding the manner of sale/marketing of the goods by the defendants and such other relevant facts. Proof of actual confusion, on the other hand, would require the claimant to bring before the Court evidence which may not be easily forthcoming and directly available to the claimant. In a given situation, there may be no complaints made to the claimant that goods marketed by the defendants under the impugned mark had been inadvertently purchased as that of the plaintiff/claimant. The onus of bringing such proof, as an invariable requirement, would be to cast on the claimant an onerous burden which may not be justified. Commercial and business morality which is the foundation of the law of passing off should not be allowed to be defeated by imposing such*

*a requirement. In such a situation, the likelihood of confusion would be a surer and better test of proving an action of passing off by the defendants. Such a test would also be consistent with commercial and business morality which the law of passing off seeks to achieve. In the last resort, therefore, it is preponderance of probabilities that must be left to judge the claim.”*

The same principles of passing off applied in the field of trademarks would apply to restrain acts of misuse of GIs.

- (iv) Tea and a refreshment lounge where alcoholic & non-alcoholic beverages are served, are allied and cognate goods and services and thus fraught with a greater risk of dilution & damage to the repute of a GI such as Darjeeling tea.

On the other hand, the defendant pleaded in reply that:

- (i) The GI Act is limited to goods only and does not permit a cross-category complaint in respect of services.
- (ii) The Tea Board is a non-trading body and thus not entitled to complain of unfair competition.

**The Single Judge’s findings:**

On February 4, 2019, the Single Judge Bench of the Calcutta High Court dismissed Tea Board’s suit in respect of both the causes of action, holding that:

- (i) Tea Board’s claims for infringement under the GI Act and the TM Act were misconceived as the remedies thereunder were limited only to goods and did not extend to services.
- (ii) Tea Board was not entitled to claim passing-off as it is a non-trading body and the complaint of unfair trade competition was not available to it.
- (iii) In the absence of any complaints of confusion and deception received in respect of ITC’s use of DARJEELING LOUNGE, the passing-off claim was untenable.

Aggrieved by the judgment, the Tea Board is currently pursuing an intra-court appeal against ITC before a two-judge appellate bench of the Calcutta High Court (the Division Bench). The primary issues raised by Tea Board before the Division Bench include the following:

- The GI Act confers on a GI owner a statutory remedy of infringement against all acts of unfair competition [based on Article 10 (bis) of the Paris



Convention]. ITC's use and attempted registration of "Darjeeling Lounge" as a trade mark constitutes an act of unfair competition when the lounge is located outside the Darjeeling district and is being used for the provision of foods and alcoholic and non-alcoholic beverages;

- It is immaterial that the Tea Board is a non-trading body since all GI owners under the GI Act are non-trading bodies and are thus entitled to complain of unfair competition on behalf of all the stakeholders involved in the supply chain of the product in question;
- Tea Board has a statutory mandate to act as the only representative body in India and globally to protect the right in Darjeeling as a GI including passing-off.

The judgment passed in the dispute is the first case in India where a High Court has had the occasion to examine merits the scope of protection available to geographical indications. The High Courts of Delhi and Bombay have previously faced similar disputes where CIVC raised complaints of infringement and passing off against non-alcoholic beverages and bar services, but these disputes did not progress beyond the grant of an ad-interim injunction (interim injunction without notice and appearance of the defendants) and came to be settled.

However, the Tea Board's appeal is likely to be listed before the appellate bench shortly and its outcome would be closely watched by GI producers and IP practitioners worldwide.

Perhaps, the jurisprudence developed in other parts of the world, especially in Europe (as discussed above) would provide the Indian courts with much-needed guidance in unravelling the complexities of this important form of intellectual property and thus advance the twin objectives of consumer protection and producers' competitive position underlying the scheme of the GI Act.

The last word is yet to be said.