SPILL-OVER REPUTATION IN PASSING OFF ACTIONS: INDIAN AND ENGLISH LAW COMPARED

ARPAN BANERJEE*

A Introduction

The tort of passing off is typically ‘used as a second string’ to an action for trade mark infringement.1 However, the tort also offers plaintiffs ‘a flexibility that makes it attractive in situations not covered by the statutory regimes’.2 Of these situations, at least two are significant. First, trade mark statutes do not permit suits for the infringement of unregistered marks, but permit suits for passing off.3 Thus, a trader who owns an unregistered mark can prevent competitors from using it through a passing off action. Second, the tort of passing off aims to prevent misrepresentations against badges of goodwill. This makes the tort broader than an action for trade mark infringement, in terms of the scope of subject matter protected. As Parker LJ had observed, ‘cases of misrepresentation by the use of a mark, name or get-up do not exhaust all possible cases of misrepresentation’ in a passing off action.4 One can only register—and, subsequently allege the infringement of—‘a sign capable of being represented graphically’.5 Further, the sign must be ‘clear, precise, self-contained, easily accessible, intelligible, durable and objective’.6 On the other hand, the ‘extended’

* BALLB (Hons) (National University of Juridical Sciences, India), LLM (King’s College London). Assistant Professor and Executive Director, Centre for Intellectual Property Rights Technology Law, Jindal Global Law School, India. I would like to thank Dr Dev Gangjee (University Lecturer in Intellectual Property Law, Oxford University) and Ms Latha Nair (Partner, K&S Partners, New Delhi) for their valuable comments on an earlier draft of this paper. I would also like to thank the anonymous reviewers who read my article with great care and suggested revisions. Any errors are my own.

1 James Mellor and others, Kerly’s Law of Trade Marks and Trade Names (15th edn, Sweet & Maxwell 2011) 585 (Kerly’s).
3 See for example, Trade Marks Act 1994 (UK), s 2(1); Trade Marks Act 1999 (India), ss 27(1) and 27(2); Trade Marks Act 1998 (Singapore), s 4(2).
4 Spalding v Gamage [1914-1915] All ER 147 (HL) 150.
5 Trade Marks Act 1994 (UK), s 1(1); Trade Marks Act 1999 (India), s 2(2).
form of passing off has been invoked to try and prevent misrepresentations concerning the quality\textsuperscript{7} and ingredients\textsuperscript{8} of products, the association of products with celebrities,\textsuperscript{9} the association of products with images and storylines used in television commercials,\textsuperscript{10} and even the fragrance of products (albeit unsuccessfully).\textsuperscript{11}

With reference to the second scenario, situations involving misrepresentations without the use of a conventional mark or get-up are relatively uncommon. Moreover, traders are likely to think twice before filing such suits, in view of the Court of Appeal’s warning that ‘the tort of passing off cannot and should not be extended into some general law of unfair competition’.\textsuperscript{12} In contrast, the first situation is quite common. In a global context, many businesses opt to register their marks only in a few countries. Such businesses are compelled to sue for passing off if their marks are used in common law countries where their marks are not registered.

In India, passing off is especially important for two further reasons. First, the time taken to register a trade mark in India is very long. In the UK, the time taken to register a trade mark usually varies from four to five months (in cases where no opposition is filed) to a year (in cases where an opposition is filed).\textsuperscript{13} In India, an application to register a trade mark often takes several years, due to the slow pace of functioning of the Indian Trade Marks Registry. A recent study ranks India’s trade mark regime 35th out of 36 major countries worldwide, primarily due to this reason.\textsuperscript{14} The study describes the trade mark registration system in India as ‘slow and inefficient’, and ‘particularly frustrating’ in cases where an opposition is filed, and claims that the Indian Trade Marks Registry is ‘reluctant to cure its obvious mistakes’\textsuperscript{15}. Indian courts have thus heard a number of passing off cases where trade mark infringement could not be alleged only because the mark in question was pending registration.\textsuperscript{16}

\textsuperscript{7} Spalding (n 4).
\textsuperscript{8} Erven Warnink BV v J Townend & Sons (Hull) Ltd [1979] AC 731 (HL) (Warnink).
\textsuperscript{10} Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd [1981] 1 WLR 193 (PC); Telstra Corp Ltd v Royal & Sun Alliance Insurance Australia Ltd [2003] FCA 786 (Federal Court of Australia).
\textsuperscript{11} L’Oreal SA v Bellure NV [2007] EWCA Civ 968 [127]–[134].
\textsuperscript{12} ibid [161].
\textsuperscript{14} Taylor Wessing, Global Intellectual Property Index (4th edn, Taylor Wessing 2014) 17.
\textsuperscript{15} ibid 21. To take a couple of actual examples, Research in Motion applied to register the mark BLACKBERRY PLAYBOOK in March 2011 (Application No 2118967). The mark is yet to be advertised for oppositions in the Indian Trade Marks Journal. French Connection applied to register the mark FCUK in March 1998 (Application No. 793780). An opposition proceeding against the application is still pending. These searches were conducted by the author on the website of the Indian Trade Marks Registry <http://ipindiaonline.gov.in/tnrpublicsearch/frmmain.aspx> accessed 7 June 2014.
\textsuperscript{16} For a recent example, see ITC Ltd v Godfrey Phillips India Ltd AIR 2014 Cal 19 [14] (observing that the suit filed by the plaintiff ‘emanates from two separate trade mark applications, one registered and
Second, India has no provision corresponding to section 56 of the UK Trade Marks Act 1994. Section 56 was enacted to bring the UK law in conformity with provisions of the Paris Convention and, in part, the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). Under this section, a trader from a Paris Convention or World Trade Organisation (WTO) member-state can seek to prevent the use of a mark unregistered in the UK (but registered in that member-state) if: (a) the mark qualifies as ‘a well-known trade mark’ in the UK, and (b) is used in a manner likely to cause confusion. The remedy provided by section 56 is independent of a passing off action. Section 56—which has counterparts in countries like Singapore, Ireland and South Africa—is quite useful for overseas businesses who wish to protect marks that are unregistered in the UK. However, the section is inapplicable in situations involving dissimilar goods and services, or where the plaintiff seeks a remedy other than an injunction, such as damages or an account of profit. The section is also, perhaps debatably, inapplicable where a mark has a reputation in the UK but falls short of being ‘well-known’ in the UK. But the complete absence of such a section in India means that passing off is effectively the only type of civil action available to overseas traders who are proprietors of unregistered marks.

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17 Paris Convention for the Protection of Industrial Property 1883 (‘Paris Convention’), art 6bis. This provision, in relevant part, obliges a member-state to prohibit the use of a mark similar or identical to a mark from another member-state, provided that: (a) such use is ‘liable to create confusion’, (b) the second mark is ‘considered by the competent authority of the country of registration or use to be well known in that country’, and (c) the first mark is used on goods identical or similar to the goods for which the second mark is used or registered.

18 Agreement on Trade-Related Aspects of Intellectual Property Rights 1994, art 16. The provision applies art 6bis of the Paris Convention to services, as well as to dissimilar goods and services (the latter is not covered by section 56).

19 Trade Marks Act 1994 (UK), ss 56(1) and 56(2). Kerly’s (n 1) 477–9. The requirement of the mark being registered in the member-state can be inferred as s 56 refers to well-known marks ‘entitled to protection under the Paris Convention or the WTO agreement’. Art 6bis(1) of the Paris Convention and art 16.1 of the TRIPS Agreement only protect well-known trade marks which are registered in the country of the owner.

20 Trade Marks Act 1998 (Singapore), s 55; Trade Marks Act 1996 (Ireland), s 61; Trade Marks Act 1993 (South Africa), s 35.

21 Trade Marks Act 1994 (UK), s 56(2); Kerly’s (n 1) 478.

22 It has been argued in Case C-375/97 General Motors Corp v Yplon S.A [1999] ECR I-5421 [19] that the threshold for a mark with a reputation is lower than that for a well-known mark, the former ‘meaning a trade mark having a reputation with the public concerned’, while the latter having a wider reputation. In India, a High Court has suggested that there is a subtle difference between the two. The court held that a bus manufacturer, by showcasing a bus at a trade fair and selling a few models to a state government in India, had established that the name under which the bus was sold had a reputation in India. The court noted that the Indian Trade Marks Act 1999 requires a mark to be well-known in order to deny registration to a mark to be used on dissimilar goods/services. However, Indian lawmakers had been ‘careful enough not to incorporate the expression “well-known trade mark” in’ the section dealing with infringement through blurring (See Ashok Leyland Ltd v Blue Hill Logistics Pvt Ltd (2011) 46 PTC 535 (Madras High Court) [43]).
For a plaintiff with a well-entrenched commercial presence in India, proving goodwill in passing off cases is usually a straightforward task if the plaintiff can collate sufficient evidence of consumers purchasing the goods or services whose mark the plaintiff seeks to protect. But what about a plaintiff based overseas with little or no presence in India? The US fast food chain White Castle and the British store Fortnum & Mason are two cursory examples of businesses that have no operations in India, and have not applied to register their trade names in India. Can a local trader then be prevented from opening a store called Fortnum & Mason in an upscale neighbourhood in New Delhi? Or a fast food restaurant called White Castle next to a college in Bombay, whose students might be familiar with references to the brand in the film *Harold and Kumar Go to White Castle*? Could White Castle succeed in a passing off action merely by arguing that its reputation has spilled over—or ‘slopped over’—into India? The answer would probably lie in the affirmative. Unlike English courts, Indian courts have liberally construed the requirements of proving goodwill and reputation in a passing off action. In this paper, the author will compare the English and Indian approaches.

The paper will begin by discussing the requirements of a passing off action. The paper will then contrast English and Indian case law on goodwill. The paper will conclude by discussing the implications of the differing approaches for overseas businesses. The author will argue that the Indian approach, which protects mere spill-over reputation in the absence of goodwill, is preferable to the English approach, as it is more in tune with today’s globalised world. Some scholars have cautioned that rejecting the English approach could lead to foreign traders with no real spill-over reputation restraining honest, domestic traders from using marks. The author will link this concern to the views of the early American legal realists, at least one of whom suggested that judges tend to unduly favour influential brand owners. The author will argue that such fears are largely unjustified, and do not warrant the continuance of the anachronistic English approach to passing off.

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23 A search of the website of the Indian Trade Marks Registry <http://ipindiaonline.gov.in/tmrpublicsearch/frmain.aspx> conducted on 7 June 2014 in Nice Classes 35 (for Fortnum & Mason) and 43 (for White Castle) confirms this. However, a person with no ostensible links to White Castle applied to register the White Castle logo in October 2013 (Application No 2614755). The mark is currently pending registration. Email queries by the author to White Castle’s trade mark counsel, seeking confirmation on whether the applicant is a squatter, have not been answered.

24 A list of references to White Castle in popular culture can be found at <www.whitecastle.com/cravers/pop-culture> accessed 8 June 2014.

25 This expression has been used in, among other cases, *Esanda Ltd v Esanda Finance Ltd* [1984] 2 NZLR 748 (High Court of New Zealand) 752; [1984] FSR 96, 101.
B Ingredients of a Passing Off Action

The tort of passing off ‘came of age’ only during the late 1800s. This period also witnessed possibly the first reported Indian case on passing off, a dispute involving two clothiers. The plaintiff’s mark consisted of five swords. The defendant’s mark was closely similar but had the swords in different positions, along with certain additional images. The Madras High Court ruled in favour of the plaintiff, applying English case law. The Court observed that the changes in the defendant’s mark had been deliberately included to give it ‘a general resemblance’ to the plaintiff’s mark ‘without being exactly the same (. . .) with a view to have their goods to pass under the name’ of the plaintiff. A number of similar passing off cases were heard in British India, particularly by the Madras High Court. However, it was only after several decades that both English and Indian courts began to methodically lay down the ingredients of a passing off action. In one of the earliest such cases, Warnink, Diplock LJ laid down five necessary characteristics for a passing off action to succeed:

(1) a misrepresentation (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.

In the same case, Fraser LJ also identified five characteristics, namely:

(1) that his [the plaintiff’s] business consists of, or includes, selling in England a class of goods to which the particular trade name applies; (2) that the class of goods is clearly defined, and that in the minds of the public, or a section of the public, in England, the trade name distinguishes that class from other similar goods; (3) that because of the reputation of the goods, there is goodwill attached to the name; (4) that he, the plaintiff, as a member of the class of those who sell the goods, is the owner of goodwill in England which is of substantial value; (5) that he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill is attached.

27 Taylor v Chetti (1883) 6 ILR Mad 108 (Madras High Court).
28 ibid [6].
29 See Nooroodeen v Sweden (1905) 15 MLJ 45 (Madras High Court); Esuf v Pillai (1909) 33 ILR Mad 402 (Madras High Court); Abdul Kareem Sahib v Abdul Kareem Sahib AIR 1931 Mad 461 (Madras High Court); Raother v Pillai AIR 1936 Mad 8 (Madras High Court).
30 Warnink (n 8) 742.
31 ibid 755–56.
In *Reckitt & Colman Products Ltd v Borden Inc (No 3)*, Oliver LJ referred to Diplock LJ’s views and listed three characteristics:

First, he [the plaintiff] must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying ‘get-up’ (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. ( . . .) Thirdly, he must demonstrate that he suffers or, in a quia timet action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant’s misrepresentation that the source of the defendant’s goods or services is the same as the source of those offered by the plaintiff.32

In the same case, Jauncey LJ laid down a shorter rule of thumb, stating that a plaintiff must show: ‘(1) that his goods have acquired a particular reputation among the public, (2) that persons wishing to buy his goods are likely to be misled into buying the goods of the defendant and (3) that he is likely to suffer damage thereby.’33 In *Consorzio del Prosciutto di Parma v Marks & Spencer plc*, Nourse LJ expressed a preference for this rule, which he referred to as the ‘classical trinity’, and found it more helpful than the tests laid down by Diplock LJ and Fraser LJ.34 Nourse LJ accordingly paraphrased the rule as: ‘(1) a reputation (or goodwill) acquired by the plaintiff in his goods, name, mark, etc, (2) a misrepresentation by the defendant leading to confusion (or deception), causing (3) damage to the plaintiff’.35 A few weeks after Oliver LJ’s judgment in *Reckitt & Colman*, the Supreme Court of India framed a similar definition of the tort in *Wander Ltd v Antox India P Ltd.*36 Venkatachaliah J (as he then was) defined passing off as involving ‘a misrepresentation made by a trader to his prospective customers calculated to injure, as a reasonably foreseeable consequence, the business or goodwill of another which actually or probably causes damage to the business or goodwill of the other trader’.37 Various decisions in India have since applied the classical trinity test.38

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32 [1990] RPC 341 (HL) 405.
33 ibid 417.
34 [1991] RPC 351 (CA) 368–69 (*Marks & Spencer*).
35 ibid 368.
36 1990 Supp (1) SCC 727 (Supreme Court of India).
37 ibid [10].
38 See for example, *Rich Products Corp v Indo Nippon Food Ltd* (2010) 42 PTC 660 (Delhi High Court) [39]; *Foodworld v Foodworld Hospitality Pvt Ltd* (2010) 42 PTC 108 (Delhi High Court) [27]; *Three-N-Products Pvt Ltd v Enami Ltd* (2009) 41 PTC 689 (Calcutta High Court) [46]–[47]; *Cadbury India Ltd v Neeraj Food Products* (2007) 35 PTC 95 (Delhi High Court) [62]; *SR Thorat Milk Products Pvt Ltd v Sahyadri Dairy* (2003) 27 PTC 176 (Bombay High Court) [9]; *Baker Hughes Ltd v Khushalani* (1998) 18 PTC 580 (Delhi High Court) [66].
Of the judgments mentioned above, only Fraser LJ (in Warnink), explicitly stated that a plaintiff suing in a passing off action must own goodwill in England. On the other hand, Diplock LJ (in Warnink), Oliver LJ and Jauncey LJ (in Reckitt & Colman), and Nourse LJ (in Marks & Spencer) complemented the use of the term ‘goodwill’ with broader terms like ‘business’ and ‘reputation’—as did Venkatachaliah J in Wander. Thus, unlike Fraser LJ, the other judges ostensibly made allowance for a passing off action to succeed in cases where a plaintiff could not show damage to goodwill, but could show damage to reputation or business in general. However, the narrower approach has been favoured in a string of English judgments. These include judgments by Diplock LJ39 and Oliver LJ40 themselves, which predate their views in Warnink and Reckitt & Colman respectively. For businesses based overseas, this distinction has proven to be of great significance, often to their detriment.

C THE ENGLISH APPROACH TO GOODWILL

In Cruttwell v Lye, Lord Eldon LC defined goodwill as ‘nothing more than the probability that the old customers will resort to the old place’.41 In Trego v Hunt, Macnaghten LJ held this definition to be too narrow, and instead defined goodwill as ‘the whole advantage, whatever it may be, of the reputation and connection of the firm’.42 In IRC v Muller & Co’s Margarine, Macnaghten LJ again defined goodwill as ‘the benefit and advantage of the good name, reputation and connection of a business (. . .) the attractive force which brings in custom (. . .) the one thing which distinguishes an old-established business from a new business at its first start’.43 In Muller, the House of Lords had to decide whether a provision of a stamp duty law, referring to property situated out of the UK, included goodwill in the UK within its scope. The court held that the ‘attribute of locality’ within the UK was an essential element of goodwill within the UK.44 The court thus held that a German margarine manufacturer with no customers outside Germany could not be said to have goodwill in the UK.

Even though Muller was not a case involving passing off, English judges have dogmatically (and, it is submitted, erroneously) applied its conception of goodwill in several passing off cases. This has made it difficult for foreign traders to obtain relief. The case which seems to have triggered this is Alain Bernardin et Compagnie v Pavilion Properties Ltd.45 In this case, the owner of the Crazy Horse Saloon, a

40 Anheuser-Busch Inc v Budejovicky Budvar NP [1984] FSR 413 (CA) (Budweiser).
41 [1810] 34 ER 129 (Ch Ct) 134, (1810) 17 Ves Jr 335, 346.
42 [1896] AC 7 (HL) 23–24.
43 [1901] AC 217 (HL) 223–24 (Muller).
45 [1967] RPC 581 (Ch) (Crazy Horse case).
nightclub in Paris, sued a trader operating a nightclub with the same name in London. For 16 years, the plaintiff had publicised the nightclub in the UK by distributing promotional material to tourism businesses and hotels. The plaintiff’s nightclub had also been frequented by British customers. Pennycuick J approvingly cited Macnaghten LJ’s observations in *Muller*, about the ‘attribute of locality’ being essential in a passing off action. Pennycuick J accordingly held that a foreign trader could not claim goodwill in connection with a mark in the UK without actually using the mark in the UK. The judge observed that while the owner of a foreign hotel or restaurant could acquire ‘a reputation in a wide sense’ in the UK through advertisements or recommendations by returning travellers, this was ‘not sufficient to establish reputation in the sense material for the purpose of a passing off action’. The judge thus held that the plaintiff’s nightclub had ‘not acquired anything which in law could be described as goodwill’ in the UK, and denied the plaintiff an injunction. Ironically, the judge acknowledged that he had reached this decision ‘with regret’, and that the defendant had deliberately copied the trade name and décor of the plaintiff’s nightclub ‘with the sole purpose of “cashing in” on the reputation, in the wider sense, of the plaintiff company.’

In *Amway Corp v Eurway International Ltd*, Brightman J relied on the *Crazy Horse* case and held that mere advertisements by Amway in US magazines with subscribers in the UK, such as National Geographic, were ‘totally inadequate’ to serve as evidence of goodwill in the UK.

In *Star Industrial*, Diplock LJ, speaking for the Judicial Committee of the Privy Council, reiterated that goodwill is ‘local in character’, and that if a ‘business is abandoned in one country in which it has acquired a goodwill the goodwill in that country perishes with it although the business may continue to be carried on in other countries’. Diplock LJ suggested that, in order to establish goodwill over a product in a particular territory, a plaintiff must show sale of ‘a sufficiently large quantity’ of that product in that territory. Thus, a Hong Kong company which exported toothbrushes to Singapore solely for re-export to other countries was held not to own goodwill in Singapore. In *The Athlete’s Foot Marketing Associated Inc v Cobra Sports Ltd*, Walton J denied a reputed US sports retailer, which was not able to show evidence of customers in the UK, an injunction against a British sports retailer using its trade name. The judge observed that ‘if there are no customers, there is no goodwill, and if there is no goodwill, it is not there to be

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46 ibid 583.
47 ibid 584.
48 ibid (emphasis added).
49 ibid 584, 588.
50 ibid 588.
51 [1973] FSR 213 (Ch) 222.
52 *Star Industrial* (n 39) 269.
53 ibid 263.
54 [1980] RPC 343 (Ch).
harmed’.\textsuperscript{55} In \textit{Budweiser},\textsuperscript{56} the plaintiff, a US-based manufacturer of Budweiser beer, sought an injunction against the sale of a Czech beer bearing the same name. The plaintiff (which had not registered the BUDWEISER mark in the UK) was denied relief on the ground that its product was sold only to US military and diplomatic personnel and not to the ordinary British public. Oliver LJ was of the view that such ‘sporadic and occasional sales’ did not constitute ‘in any real sense the carrying on (\ldots) of a business’ in the UK.\textsuperscript{57} The plaintiff produced evidence of extensive advertising in the American media, some of which the British public had been exposed to. Several witnesses from across the UK also claimed to be familiar with the plaintiff’s beer and unaware of the Czech beer. However, Oliver LJ drew a distinction between goodwill and ‘mere reputation’, observing that the latter ‘may (\ldots) exist without any supporting local business, but . . . does not by itself constitute a property which the law protects’.\textsuperscript{58}

It should be noted that all the above cases were decided during the existence of the old UK trade marks statute (Trade Marks Act 1938). The statute did not contain any provision similar to section 56 of the present-day Trade Marks Act 1994. Had such a section existed at the time, the plaintiffs, even while failing to succeed in a passing off claim, may have succeeded in protecting their unregistered marks through this statutory route, particularly in \textit{Budweiser}. Section 56 was enacted to give plaintiffs a separate, statutory tool to ‘override the scruple requiring, for passing off, a business base in’ the UK.\textsuperscript{59} Section 56 specifically allows a person to sue ‘whether or not that person carries on business, or has any goodwill, in the United Kingdom’.\textsuperscript{60}

It is also worth noting that, in contrast to the above decisions, some English judges had adopted a liberal approach towards foreign traders. For example, in \textit{Baskin-Robbins Ice Cream Co v Gutman}, Graham J felt that Diplock J’s observation about goodwill being ‘local in character’ (in \textit{Star Industrial}) did not necessarily require courts to limit goodwill ‘in the narrowest territorial sense (\ldots) to the boundaries of the country where the particular business is registered or established’.\textsuperscript{61} The judge remarked that while he did not wish ‘to quarrel with’ the decision in the \textit{Crazy Horse} case, developments like ‘modern travel’ and European economic integration were making ‘the world grow smaller’.\textsuperscript{62} The following year, in \textit{Maxim’s Ltd v Dye},\textsuperscript{63} Graham J restrained an English restaurant from using the name of the famous Parisian restaurant Maxim’s. Graham J acknowledged

\begin{itemize}
  \item ibid 351.
  \item \textit{Budweiser} (n 40).
  \item ibid 467.
  \item ibid 470.
  \item Trade Marks Act 1994 (UK), s 56(1)(b).
  \item [1976] FSR 545 (Ch) 547.
  \item ibid 548.
  \item [1978] 2 All ER 55.
\end{itemize}
that one could not ‘legitimately . . . distinguish the case’ on facts from the Crazy Horse case. Nevertheless, the judge referred to his views in Baskin-Robbins Ice Cream and held that to be the ‘true legal position’. A contrary view, felt the judge, would be ‘out of touch with reality’. Several years later, in Pete Waterman Ltd v CBS UK Ltd, Browne-Wilkinson V-C observed that the advent of satellite television had led to advertisements crossing national boundaries and creating ‘worldwide marks, worldwide goodwill’, and that the law ought to keep pace with such advancements. Referring to the Crazy Horse case, the judge held ‘with diffidence (. . .) that the case was wrongly decided’. The judge pointed out that the Crazy Horse case was influenced by the definition of goodwill laid down in Muller. However, ‘the attribution of a local situation to goodwill’ was ‘at best an artificial concept’, and had been espoused by the House of Lords in Muller for the limited purpose of interpreting a stamp duty law. The judge also observed that, in Budweiser, the ruling was not really that a plaintiff in a passing off action must show ‘local goodwill’ in the UK, but that the plaintiff must show the presence of customers in the UK. Thus, according to the judge, the correct position of law was that a plaintiff could bring a passing off action in the UK by showing the presence of customers in the UK forming part of the plaintiff’s goodwill, ‘wherever that goodwill is situate’.

The approach of Graham J and Browne-Wilkinson VC is often referred to by commentators as the ‘soft line’ approach to determining goodwill in passing off cases, in contrast to the ‘hard line’ approach in cases like the Crazy Horse case. However, it is important to keep in mind that the soft line approach only provides a basis for a flexible interpretation of goodwill. Neither Graham J nor Browne-Wilkinson VC stated that mere spill-over reputation in the UK, in the absence of sales to British customers in the UK or overseas, could be protected. It is arguable that given the views expressed by the two judges as to how the law should adapt to modern developments, the recognition of spill-over reputation would be compatible with their views, and perhaps even a natural extension of such views. However, two relatively recent cases have shown that while courts in England are willing to flexibly interpret what constitutes goodwill, the courts are still unwilling to substitute spill-over reputation in place of goodwill.

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64 ibid 58.
65 ibid 59.
66 ibid 61.
67 [1993] EMLR 27 (Ch) 50–51.
68 ibid 53.
69 ibid 54.
70 ibid 57–58.
71 ibid 58.
In Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd,73 certain members of the Orient Express Hotels Group, which operated hotels and restaurants outside the UK using the name ‘Cipriani’, sued a restaurant in London for using that name. Lloyd LJ acknowledged that the rigid English approach towards foreign traders ‘may be increasingly outmoded’.74 However, the judge held that he was still bound by the Court of Appeal’s decision in Budweiser. The judge reiterated that a foreign trader suing for passing off in the UK could not do so in the absence of customers amongst the ‘general public’ in the UK, ‘however great may be the reputation of his mark’ in the UK.75 Lloyd LJ accordingly held that one of the plaintiffs, situated in New York, could not succeed in its passing off claim on the basis of merely being mentioned in British newspapers and in the absence of ‘any significant English custom’.76 However, Lloyd LJ upheld the passing off claim by another plaintiff, situated in Venice, as it had ‘a substantial body of customers from England’.77

In Starbucks (HK) Ltd v British Sky Broadcasting Group plc, Arnold J restated two principles he had laid down as the first instance judge in Cipriani, noting that Lloyd LJ did not disagree with them on appeal.78 First, if an enterprise has ‘customers or ultimate consumers’ in the UK, the following issues are immaterial while determining if it has goodwill in the UK: (a) whether it has a branch in the UK, (b) whether it deals directly with customers without having any physical presence in the UK, or (c) whether it trades through intermediaries such as importers and distributors (provided that the goodwill is not owned by the intermediary).79 Second, in case of a business providing services performed abroad, goodwill exists in the UK as long as services are booked by customers from the UK.80 Arnold J also felt that ‘there is no reason why a protectable goodwill in the United Kingdom cannot exist as result of a reputation which only exists amongst an ethnic minority section of the population whose mother tongue is a foreign language’.81 Here, Arnold J probably did not mean ‘reputation’ to include mere spill-over reputation, as he held that the mere accessibility of a Chinese-language website in the UK did not give rise to protectable goodwill.82 Furthermore, on appeal, Sir John Mummery subtly quelled the possibility of Arnold J’s use of the word ‘reputation’ being interpreted to include mere spill-over reputation in the absence of supply of services to the UK. Sir John Mummery, while agreeing with Arnold J, referred to services ‘supplied only to a foreign

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73 [2010] EWCA Civ 110 (Cipriani).
74 ibid [124].
75 ibid [106].
76 ibid [46]–[7], [120].
77 ibid [118] [emphasis added].
78 [2012] EWHC 3074 (Ch) [125]–[127].
79 ibid [125].
80 ibid.
81 ibid [134] [emphasis added].
82 ibid [146].
speaking ethnic minority section of the public. Nevertheless, he acknowledged that a trader could establish goodwill in the UK ‘by advertising (...) and by advance promotional activities’.

The judgments in Cipriani and Starbucks certainly provide overseas plaintiffs some assistance. Per Cipriani and Starbucks, evidence of substantial British custom outside the UK, such as credit card purchases and customer reviews, would seemingly be sufficient for an overseas plaintiff to establish goodwill in the UK. Considering the large number of ethnic minorities in the UK, even plainly inward-looking businesses (which might fall short of the well-known mark requirement in a section 56 claim) could succeed in establishing goodwill in the UK. For example, an Afrikaans publishing house based in Cape Town might be able to establish goodwill in the UK if its books are frequently purchased at the city’s airport by British tourists of South African descent. Similarly, a clothing store in Goa, India, might be able to establish goodwill in the UK if it sells a substantial number of products every year to British tourists.

However, both Cipriani and Starbucks fall short in some important respects. First, there are many overseas businesses that manufacture inexpensive goods (such as toothbrushes or biscuits) that are usually bought over the counter using cash rather than credit card, leaving no record of the customer’s name and domicile. Second, the possibility of British tourists purchasing substantial personal property in a foreign country, such as automobiles or refrigerators, would be extremely low. While British expatriates temporarily resident in that country might purchase such goods, purchases of a single brand would, in most cases, be restricted to a modest number. In both these situations, providing evidence of ‘significant English custom’ (as required by Cipriani) would be difficult. For example, one of the largest Indian motorcycle manufacturers is Bajaj Auto. While the BAJAJ brand name would be instantly recognisable to a large section of the British Indian community, and perhaps other British nationals who have visited India, Bajaj Auto might actually have relatively few British customers. Third, neither Cipriani nor Starbucks makes allowance for the reputation of a mark, advertised outside the UK, spilling into the UK through the media and the internet. In Starbucks, both the High Court and Court of Appeal held that the plaintiff, a Hong Kong-based television network, did not have goodwill over the name of its channel in the UK. That the plaintiff’s website could be viewed in the UK was held to be insufficient evidence of goodwill. Sir John Mummery observed that ‘[g]enerating a goodwill (...) generally involves making, or at least attempting to make, some kind of connection with customers in the market with a view to transacting business and repeat business with them’. This requirement makes it difficult for many overseas plaintiffs to protect their marks in the UK.

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84 ibid.
85 ibid [104].
through a passing off action. For example, suppose a company based entirely in Australia advertises a brand of beer on boundary hoardings at an Ashes Test Match in Sydney. Thousands of television viewers across the UK would instantly become familiar with the brand, despite the provincial nature of its target market. These individuals could easily be misled if a trader dishonestly sells beer in the UK using that mark. Yet, the Australian company would probably not be able to succeed in a passing off action in the UK till such time it can demonstrate significant sales, or, at a minimum, show targeted promotions amongst a section of the public in the UK. The same would apply to foreign brands known only incidentally in the UK through films, the internet, or a YouTube video that has gone viral. While such traders could still separately seek relief through section 56, this section has certain deficiencies mentioned above.

Hence, to sum up, the English position on goodwill is essentially the result of a historical judicial faux pas—the ill-conceived transplantation of a narrow tax law concept to the field of intellectual property law. As a result, the disconcerting possibility of a famous brand being denied protection in the UK even in the 21st century—like in Budweiser—cannot be ruled out. Fortunately, courts in India, like courts in certain other Commonwealth countries, have rejected the English approach.

**D The Indian Approach to Goodwill**

Unlike English courts, Indian courts have consistently adopted a liberal approach towards foreign traders in passing off actions. If the House of Lord’s decision in Muller triggered the hard line approach in England, India has witnessed a reverse trend. In M/S SC Cambatta & Co Pvt Ltd v The Commissioner of Excess Profits Tax, the Supreme Court of India had to decide whether the taxable goodwill of a company had been valued correctly. Hidyatullah J (as he then was) differed from Muller, noting that ‘the goodwill of a business depends upon a variety of circumstances’, and that ‘locality is not everything’. In Apple Computer Inc v Apple Leasing & Industries, the Delhi High Court held that ‘the concept of goodwill as enunciated for the purposes of income tax should not be bodily lifted and applied’ to passing off cases.

While the influence of such pronouncements has no doubt been significant, these decisions are essentially a restatement of the soft line approach in the UK, as they refer to goodwill rather than mere spill-over reputation. The true path-breaking development in India has been the emergence of case law holding that mere spill-over reputation in India, in the absence of sales to the Indian public, is

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86 1961 SCR (2) 805 (Supreme Court of India).
87 ibid 810.
88 (1992) 1 Arb LR 93 (Delhi High Court) [119] (Apple).
sufficient to fulfil the first requirement of the classical trinity. Numerous overseas businesses have relied on such case law and filed passing off suits in India, sometimes only submitting evidence such as advertisements in the media. Thus, even though some judges have tended to use the terms ‘goodwill’ and ‘reputation’ almost interchangeably, the focus in India has really been on determining reputation, rather than goodwill. In many older cases, plaintiffs had little option but to rely solely on spill-over reputation, as the Indian economy was closed to most forms of foreign investment until the 1990s. Hence, the Indian judiciary (without expressly saying so) offset some inherent disadvantages faced by overseas traders due to restrictive government policies.

The beginnings of this judicial trend can be traced back to the case of Kamal Trading Co. v Gillette UK Ltd. Gillette, which used the mark 7 O’CLOCK on razor blades, sought an injunction against a trader using the same mark on toothbrushes. Gillette had ceased to operate in India for nearly 30 years, due to import restrictions at the time. The defendant cited Budweiser and argued that Gillette’s goodwill in India no longer existed. The Bombay High Court ruled in favour of Gillette and expressed disagreement with Budweiser. The court held that ‘the goodwill or reputation’ of a product ‘does not depend upon its availability in a particular country’. The court held that even if certain goods were not freely available in India, they could acquire a ‘wide reputation’ through advertisements in newspapers and magazines, which was protectable.

In Apple, the Delhi High Court restrained the defendant from using the mark APPLE in connection with computer education services. This was despite the fact that the plaintiff, although a global computer giant, had a limited presence in India at the time, due to import restrictions. Citing Gillette, Narain J reiterated that ‘it is not necessary in the context of the present day circumstances to insist that a particular plaintiff must carry on business in a jurisdiction before improper use of its name or mark can be restrained by the court’. The judge held that a ‘view other than the English view is a more appropriate one in the light of (. . .) exchange of information, and movement of newspapers, magazines, videos, motion pictures and movement of people’. The judge accepted evidence of spill-over reputation, such as advertisements in foreign magazines available in India.

In William Grant & Sons Ltd v McDowell & Co Ltd, Narain J again held that the ‘nature of goodwill postulated by passing off actions is different’, and that a ‘good reputation’ is sufficient for the purposes of a passing off action. The judge held that Glenfiddich whisky had a spill-over reputation in India, for reasons that

89 (1988) 8 PTC 1 (Bombay High Court) (Gillette).
90 ibid [12] (emphasis added).
91 ibid.
92 Apple (n 88) [159].
93 ibid [182].
94 ibid [194].
95 [1994] FSR 690 (Delhi High Court) 716–17.
included advertisements in the in-flight magazine of Air India and in foreign magazines available in India.\textsuperscript{96} The judge held that the reputation extended to the get-up of the bottle, and restrained the defendant from selling whisky in similarly shaped bottles. In \textit{Calvin Klein Inc v International Apparel Syndicate},\textsuperscript{97} the Calcutta High Court passed a similar ruling. The court held that the defendant’s use of the marks CALVIN KLEIN and CK on clothing was ‘calculated to deceive and to “cash in” on the international reputation’ of Calvin Klein.\textsuperscript{98} In \textit{NR Dongre v Whirlpool Corp},\textsuperscript{99} the Delhi High Court restrained a trader from using the mark WHIRLPOOL on washing machines. The plaintiff’s products were not available in India at the time, and had only been sold to US diplomats. However, the court held that the plaintiff had acquired ‘transborder reputation’ in relation to products bearing the WHIRLPOOL mark, and that reputation had spilled over into India.\textsuperscript{100} The court distinguished the \textit{reputation} attached to a trade mark in India from the \textit{use} of a trade mark in India, stating that advertisements by ‘a foreign trader in respect of a product need not be associated with the actual use of the product in order to establish reputation’.\textsuperscript{101} The court accordingly accepted evidence such as advertisements in foreign editions of magazines available in India, such as Life, National Geographic and Good Housekeeping.\textsuperscript{102} On appeal, the Supreme Court upheld the decision.\textsuperscript{103}

By virtue of being validated by the Supreme Court, \textit{Whirlpool} has become an important precedent and has been cited in most subsequent cases concerning spill-over reputation. For instance, in \textit{Alfred Dunhill Ltd v Makkar},\textsuperscript{104} the Delhi High Court followed \textit{Whirlpool} and restrained a trader from using the mark DUNHILL on clothes. The court found advertisements in foreign magazines available in India to be sufficient evidence of spill-over reputation.\textsuperscript{105} In \textit{Jolen Inc v Doctor & Co},\textsuperscript{106} the Delhi High Court again followed \textit{Whirlpool} and held that a US-based cosmetics manufacturer was entitled to prevent an Indian trader from using its trade mark. The court observed that even if it is assumed that a foreign trader’s advertisements did not cross over into India, a passing off action could still succeed on the basis of Indians travelling abroad being exposed to the mark in question.\textsuperscript{107} In \textit{Las Vegas Sands Corp v Bhasin Infotech & Infrastructure Pvt Ltd},\textsuperscript{108} the Delhi High Court held that a company operating ‘Venice-themed’ hotels and

\textsuperscript{96} ibid 712–13.

\textsuperscript{97} (1996) 16 PTC 293 (Calcutta High Court) [33].

\textsuperscript{98} ibid [37].

\textsuperscript{99} AIR 1995 Del 300 (Delhi High Court).

\textsuperscript{100} ibid [12], [29].

\textsuperscript{101} ibid [19].

\textsuperscript{102} ibid [11], [28]–[29].

\textsuperscript{103} \textit{Dongre v Whirlpool Corp} (1996) 5 SCC 714 (Supreme Court of India) (\textit{Whirlpool}).

\textsuperscript{104} (1999) 19 PTC 294 (Delhi High Court).

\textsuperscript{105} ibid [18]–[19].

\textsuperscript{106} (2002) 25 PTC 29 (Delhi High Court).

\textsuperscript{107} ibid [22].

\textsuperscript{108} (2012) 51 PTC 260 (Delhi High Court).
casinos in Las Vegas and Macau using the mark VENEZIA, was entitled to prevent an Indian hotel from using the mark GRAND VENEZIA on a ‘Venice-themed’ property. Citing Whirlpool, the court accepted evidence of spill-over reputation, such as articles about the plaintiff’s resorts in foreign publications, bookings by Indian nationals in the plaintiff’s hotels, and the media coverage of Bollywood shows held at the plaintiff’s resort.109

Two recent cases have shown that courts are willing to extend the ratio of Whirlpool to include spill-over reputation through the internet and even social media. In EasyJet Group Ip Licensing Ltd v EasyJet Aviation Services Pvt Ltd,110 the low-cost carrier EasyJet was able to establish spill-over reputation in India in the usual manner of producing advertisements in international magazines available in India and news reports in Indian newspapers. But the Delhi High Court also gave regard to the fact that its website had many visits from internet protocol addresses in India.111 In Cadbury UK Ltd v Lotte India Corp Ltd,112 the Delhi High Court held that Cadbury had established spill-over reputation in India in relation to the mark CHOCLAIRS, and restrained the defendant from using the mark. The Court was satisfied with Cadbury’s argument that the reputation of the mark had spilled over into India through ‘a combination of (. . .) 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’.113 The court observed: ‘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 (. . .)’114 The Court went on to hold that a foreign trader could establish a protectable reputation in India through ‘proof of reputation(. . .) which in the modern day context would include advertisements or display on the internet and social media’.115

It must be noted that Indian courts have not accepted claims of spill-over reputation unsupported by adequate evidence. For example, in Smithkline Beecham plc v Hindustan Lever Ltd,116 the plaintiff could not succeed in a claim for passing off (concerning the get-up of a toothbrush) as it did not submit any evidence of spill-over reputation prior to the date of filing the suit. In Roca Sanitario SA v Gupta,117 the Delhi High Court denied a Spanish multinational company and the makers of ROCA bathroom fittings, an injunction against an Indian trader using the

109 ibid [5].
110 (2013) 55 PTC 485 (Delhi High Court).
111 ibid [14], [24]–[27]. It should be noted that EasyJet additionally provided evidence of actual bookings by Indian travellers.
112 (2014) 57 PTC 422 (Delhi High Court) (CHOCLAIRS case).
113 ibid [37].
114 ibid [36] (emphasis added).
115 ibid [33(c)].
116 (2000) 20 PTC 83 (Delhi High Court) [17]–[18].
117 (2010) Indlaw DEL 898 (Delhi High Court) (Roca).
mark ROKA. The company had submitted advertisements in Spanish and French magazines as proof of its reputation. Bhat J was not convinced that these magazines were available to, or read by, members of the Indian public.\textsuperscript{118} In \textit{Chorion Rights Ltd v M/S Ishan Apparel},\textsuperscript{119} Bhat J again denied an injunction in a suit against a trader selling clothes featuring Enid Blyton’s Noddy character. Bhat J’s decision hinged on the technicality that the plaintiff had not submitted any evidence of reputation prior to 1995, the date from which the defendant had been using the mark. Ironically, the judge remarked that Indians ‘exposed to a certain kind of education, and having access to imported books were aware of Noddy’ prior to 1995, and that the judge had himself grown up reading Noddy books.\textsuperscript{120}

India joined the Madrid System for the International Registration of Marks in April 2013, effective from 8 July, 2013. Consequently, the Indian Trade Marks Registry has improved its pace of processing trade mark applications, a result also driven by greater digitisation.\textsuperscript{121} If India manages to comply with the strict deadlines prescribed by the Madrid System, overseas businesses filing applications using the Madrid Protocol will no longer have to wait for extended lengths of time, to obtain a trade mark registration in India. For these businesses, a claim for passing off will no doubt prove to be of secondary importance to a claim for trade mark infringement, in the event their marks are wrongfully appropriated. However, passing off will continue to be of relevance for overseas businesses who either choose not to register their marks in India, or to file domestic trade mark applications in India and be faced with delays. The recognition of spill-over reputation by Indian courts means that such trade mark owners stand a far better chance of succeeding in a passing off suit in India than in the UK.

\textbf{E A Case for Change (and a Bit of Caution)}

As mentioned earlier, section 56 was inserted in the UK Trade Marks Act 1994 to bring UK law in conformity with article 6\textsuperscript{bis} of the Paris Convention and article 16 of the TRIPS Agreement, and bypass the hurdles posed by the hard line approach to passing off. In contrast, in India, the landmark cases of \textit{Gillette} and \textit{Apple} were decided before India signed the Paris Convention and TRIPS Agreement.\textsuperscript{122} The Indian judiciary thus made up for the absence of a provision akin to section 56 in India, and precluded the need for a legislative intervention

\textsuperscript{118} ibid [30]. It should be mentioned that Roca is arguably an established brand in India today, and advertises prominently in major Indian cities.

\textsuperscript{119} (2010) 43 PTC 616 (Delhi High Court) (\textit{Noddy} case).

\textsuperscript{120} ibid [18].


like in the UK. Indeed, Indian courts have gone further than section 56 by recognising spill-over reputation in passing off actions even in cases involving dissimilar goods and services (for example, in Gillette and Apple). Furthermore, section 56 of the UK Trade Marks Act 1994, article 6bis of the Paris Convention, and article 16 of the TRIPS Agreement all require the proprietor of a well-known mark to own a registration for the mark in the state where the mark is well-known. However, it is possible for a trader to succeed in a passing of action in India even if the trader has no goodwill in India and if the trader’s mark is not registered in any country.

There are three discernible reasons why Indian courts have taken a progressive stance despite the absence of an express international obligation to do so. First, the courts have been motivated by a moralistic desire to maintain fair play and honesty in commerce, combined with a Lockean desire to protect creators of brands. This is especially so since some of the well-known foreign companies were bound to face difficulties in demonstrating goodwill in India due to restrictive import laws at the time. In Gillette, the court observed: ‘[T]he entire conduct of the defendants is totally dishonest and fraudulent in using the mark “7 O’CLOCK”’. To begin with, the defendants are unable to explain how the mark was invented by them.123 Likewise, in Apple, Narain J observed:

It would not be right for courts to permit the persons who have spent considerable time, effort, money and energy in building up a name sufficient to have an impact to lose control over such an impact by improper use of the very same or colourably similar name by another unauthorisedly or even dishonestly.124

Narain J made similar observations in another case, where he granted Daimler-Benz an injunction against an underwear manufacturer using the word BENZ and an image similar to the three-pointed Mercedes logo. The judge remarked that the law could not ‘protect a person who deliberately sets out to take the benefit of somebody else’s reputation. . .especially so when the reputation extends worldwide’.125 While the word BENZ had been registered as a trade mark in India since 1951,126 India’s trade mark statute at the time did not recognise blurring or dilution (ie the statute only recognised the use of a registered mark on similar or identical goods as constituting trade mark infringement127). Thus, the suit was presumably one for passing off. Yet, Narain J did not even use the terms ‘passing off’ or ‘pass off’ in his judgment. Neither did he apply the classical trinity test. The judge instead remarked that the defendant’s use of the plaintiff’s marks would ‘dilute’ and ‘demean’ the reputation attached to the plaintiff’s

123 Gillette (n 89) [13].
124 Apple (n 88) [159].
125 Daimler-Benz AG v Hybo Hindustan AIR 1994 Del 239 (Delhi High Court) (Mercedes case) [15].
126 ibid [4].
127 Trade and Merchandise Marks Act 1958 (India), s 29.
marks. It is outside the scope of this paper to discuss whether the judge recognised dilution as an independent head of damage under tort law. However, this case clearly illustrates the overarching concerns about commercial honesty that have motivated Indian courts to protect foreign brand owners in passing off cases.

Second, courts have been concerned about the possibility of consumers being deceived, and have felt the need to protect consumers. For example, in Whirlpool, the court was of the view that buyers were ‘likely to be deceived or confused as to the origin and source of the goods’. In Rob Mathys India Pvt Ltd v Synthes Ag Chur, the Delhi High Court held that a rejection of the English hard line approach was ‘essential to protect the interest’ of Indian consumers, and prevent consumers from mistakenly believing an Indian trader to have a ‘franchise-like connection’ with a foreign trader.

Third, before India had signed the Paris Convention and TRIPS Agreement, courts in certain Commonwealth countries had already rejected the English hard line position. This encouraged Indian courts to be liberal towards foreign traders. For instance, in Apple, the court referred to the Irish case of C&A Modes v C&A (Waterford) Ltd, the Australian case of Fletcher Challenge Ltd v Fletcher Challenge Pty Ltd, the New Zealand case of Esanda Ltd v Esanda Finance Ltd, and the Canadian case of Orkin Exterminating Co Inc v Pestco.
Co." Narain J was of the view that these cases, along with the Bombay High Court’s decision in Apple, ‘indicate[d] a new trend of protecting reputation’, and that there was a need for India to ‘catch up’ with these countries in order to better prevent the ‘deception of the public’.137 Hence, through Apple and successive judgments, the Indian judiciary has provided overseas businesses with a very favourable legal environment in passing off actions.

In stark contrast, courts in England have been reluctant to substitute spill-over reputation in place of goodwill in passing of actions. While section 56 negates this disadvantage to a great extent, its scope is still narrower than a passing off action. In Starbucks, Sir John Mummery appeared to justify the conservative approach taken by courts, saying that ‘judicial game-changing in a property rights environment is a recipe for uncertainty, confusion and injustice’.138 However, the English approach is clearly anachronistic in the information age and should move with the times. It is also somewhat arguable that a softer approach towards foreign traders would not be as inconsistent with judicial dicta as is generally thought. In one of the oldest known passing off cases, Lord Langdale MR had stated that the underlying principle of the law of passing off is that ‘[a] man is not to sell his own goods under the pretence that they are the goods of another man’.139 Even in Muller—the case chiefly responsible for the birth of the hard line approach—Macnaghten LJ did not rule out the possibility of goodwill transcending borders. On the contrary, the judge had stated that ‘where the reputation of a business is very widely spread (. . .) it may be difficult to localise goodwill.’140 These observations, taken together with the decisions in the later soft line cases, can be used to argue that reputation, like goodwill, can cross boundaries and deserves protection, in order to discourage false pretences by traders. Furthermore, even if the persuasive value of judgments from Commonwealth jurisdictions is disregarded, Diplock LJ had said in Warnink:

Where over a period of years there can be discerned a steady trend in legislation which reflects the view of successive Parliaments as to what the public interest demands in a publicity given to the first plaintiff’s name and connections (. . .) “slopping over” from Australian advertising and contacts, is enough to establish a sufficient prima facie case of reputation among people who count in the local financial and business world’ (at 101).

136 (1985) 50 OR (2d) 726 (Ontario Court of Appeal). In this case, a US-based pest control company sued a Canada-based pest control company for passing off, for using its name. The court ruled in favour of the plaintiff and held that it had both reputation and goodwill in Canada. With respect to goodwill, Morden JA observed: ‘Having regard to the travel patterns of the population and mass advertising through television, radio and various publications, the flow of trans-border goodwill is almost inevitable in North America (at para 49). The judge also said: ‘I do not think that the meaning appropriate in the Muller case is necessarily appropriate in a passing off case’ (at para 51). The judge, however, did not clearly comment on whether mere spill-over reputation could be a substitute to goodwill in a passing off action.

137 Apple (n 88) [189].
138 Starbucks (n 83) [103].
139 Perry v Truefit (1842) 49 ER 749 (Ch Ct) 752; (1842) 5 Beavan 66, 73.
140 Muller (n 43) 224.
particular field of law, development of the common law in that part of the same field which has been left to it ought to proceed upon a parallel rather than a diverging course.\textsuperscript{141}

By enacting section 56 in the UK Trade Marks Act 1994, lawmakers in the UK clearly recognised the need to protect unregistered marks of overseas traders, even in the absence of goodwill in the UK. Therefore, per Diplock LJ’s observations, the tort of passing off should not be interpreted in a manner that runs contrary to the spirit of section 56, despite the section having no direct relation to a passing off claim. It is arguable that there is a strong public interest in protecting British consumers from actual or likely purchases as a result of misrepresentation. Today, the multi-ethnic make-up of the UK means that a trade mark found only in, say, Nigeria could readily be recognised by a section of the British public. An unethical trader might be able to hoodwink this section of the public by copying such a mark and implying, as the Delhi High Court put it in \textit{Rob Mathys India}, a ‘franchise-like’ connection.

Christopher Wadlow has articulated a possible negative consequence of recognising mere spill-over reputation in passing off actions. According to Wadlow, this could lead to ‘bona fide domestic traders finding themselves open to litigation at the suit of unknown or barely-known claimants from almost anywhere in the world’.\textsuperscript{142} Wadlow has thus advocated the need for a ‘balancing exercise’ by courts in such cases.\textsuperscript{143} Another scholar has similarly advocated a ‘middle path approach’, arguing that protecting ‘mere reputation alone (. . .) will deprive local traders of valuable business names that may be lawfully used without any guarantee that these foreign brands will ever actually expand into the domestic market’.\textsuperscript{144} These concerns are certainly valid. A significant problem could arise in cases involving the use of common and unimaginative words that could easily be thought of by more than one trader by coincidence.\textsuperscript{145} For instance, a small trader in Delhi might honestly use the word DIAMOND on pencils, only to be sued by a little-known, but wealthier Australian company which has not

\textsuperscript{141} Warnink (n 8) 743.  
\textsuperscript{142} Wadlow (n 26) 157.  
\textsuperscript{143} ibid.  
\textsuperscript{145} Word marks can be classified into the following categories, in ascending order of distinctiveness: (1) generic marks (eg ‘computer’ for computers), (2) descriptive marks (eg ‘All Bran’), (3) suggestive marks (eg ‘Business Week’), (4) arbitrary marks (eg ‘Apple Computer’), and (5) fanciful marks (eg ‘Exxon’) (see William Landes and Richard Posner, \textit{Trademark Law: An Economic Perspective} (1987) 30 Journal of Law and Economics 265, 289–91). Arguably, even a mark in categories 4 and 5 could be thought of by more than one trader as a result of a coincidence. This article uses the example of DIAMOND for pencils. While an arbitrary mark such as this might be placed relatively high in the hierarchy of distinctive marks, it is quite possible for multiple traders to think of such a word with reference to the same product. It must also be remembered that non-expert speakers of English in India are, arguably, more likely to think of simpler dictionary words—words like ‘diamond’ or ‘ruby’, rather than ‘zircon’ or ‘amethyst’.
registered the mark in India but claims to have adopted the mark earlier on similar or identical goods. In such cases, plaintiffs may produce advertisements from foreign newspapers and magazines, or simply argue that Indians living overseas have been exposed to the mark. Considering the size of the Indian community overseas, as well as the growing number of tourists, such an argument would sound plausible.

Wadlow’s apprehension also fits in with a separate set of concerns raised by the legal realist Felix Cohen several years ago. Cohen had criticised courts for ‘establishing inequality in the commercial exploitation of language’, declaring that ‘legal reasoning on the subject of trade names is simply economic prejudice masquerading in the cloak of legal logic’. Cohen had felt that such prejudice could be influenced by factors such as the ‘income class’ of judges and ‘their past legal experience as counsel for special interests’. The fear in the present context, therefore, could be that affluent, well-travelled judges familiar with foreign brands, or judges who represented foreign brand owners as lawyers, would instinctively sympathise with such plaintiffs in passing off actions. It is perhaps possible that, in certain passing off cases, the socio-economic background of a judge can influence his or her decision. For example, in the *Mercedes* case, Narain J had remarked:

> [A]s long as I remember, ‘Mercedes’ has been a status car (. . .) Nobody can plead in India, where ‘Mercedes Benz’ cars are seen on roads, where ‘Mercedes’ have [sic] collaborated with TATA (. . .) that he is unaware of the word ‘Benz’ (. . .). ‘Benz’ is a name given to a very high priced and extremely well engineered product.

Here, it may be argued that Narain J’s knowledge about Mercedes cars, and the reverence he gives to the ‘Benz’ mark, is shared only by middle-class Indians living in cities. This might exemplify what Cohen called ‘economic prejudice’. But, in the end, the word ‘Benz’ and the three-pointed star are undoubtedly very famous marks and worthy of protection. Moreover, the adoption of these marks by the defendant was clearly dishonest and deceptive, as the term ‘German perfection’ was prominently mentioned in the defendant’s product. The real concern, therefore, is whether a judge would think the same way in a case where the spill-over reputation of the plaintiff’s mark is minimal and the defendant is an honest user. For instance, in the DIAMOND pencils example given above, would the Australian plaintiff stand at an advantage before a judge in a big city like Delhi or Bombay? There is little evidence from India and other countries that have abandoned the English position on passing off, to suggest that this is actually a serious problem. On the contrary, a judge with prior experience of representing

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147 ibid 844.
148 *Mercedes* case (n 125) [6], [14], [18].
149 For a picture of the defendant’s package, see Nair (n 129) 1425.
‘special interests’, or judges accustomed to hearing passing off cases, may well tend to be more meticulous and peruse evidence more carefully. Bhat J, a judge with experience of hearing many intellectual property rights cases, appeared to do precisely this in Roca and the Noddy case. Interestingly, one of India’s most well-known intellectual property lawyers, who frequently represents powerful rights owners, has claimed that there is ‘aggressive lobbying from generics companies, copyleft and open-source advocates in India, and that “[t]hese lobbyists have penetrated every part of the training program for judges (... ) indoctrinating them from the start’. Hence, if we are to accept the views of the legal realists that ‘acquired slants’ and ‘unconscious influence[s]’ affect judicial decisions, a pro-defendant, anti-foreigner, anti-monopolistic bias in passing off cases is also plausible.

Nevertheless, one way to guard against this fear might be to borrow from certain clauses of section 11 of the Indian Trade Marks Act 1999. These clauses lay down the criteria that are ‘relevant’ in ‘determining whether a trade mark is a well-known trade mark’ for registration and the conditions that should not be considered for making such a determination. These clauses match the

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151 Jerome Frank, Law and the Modern Mind (Brentano’s 1930) xxxiv.

152 Trade Marks Act 1999 (India), s 11(6). The criteria are:

(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, 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 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.

Section 11 (7) states that ‘while determining as to whether a trade mark is known or recognised in a relevant section of the public’ under s 11(6), the following shall be taken 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.

153 Trade Marks Act 1999 (India), s 11(9). These conditions are:

(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

(v) that the trade mark is well-known to the public at large in India.
corresponding provisions of an international recommendation on the Paris Convention,\(^{154}\) and significantly lower the bar for a mark to qualify as well-known. Indian courts, to avoid controversies over semantics, can lay down a rule clearly stating that a mark need not be ‘well-known’ to be protected under the law of passing off, \(\textit{but that some} \) of the criteria listed in section 11 \(\textit{may} \) be relevant in determining whether a mark has a protectable reputation in India for the purposes of passing off. This might subtly place pressure on undeserving, rent-seeking plaintiffs of the DIAMOND pencils variety to produce stronger evidence. Lawyers may even become wary of advising such business to litigate.

It is, of course, still possible that an undeserving foreign plaintiff could convince a judge into holding that the plaintiff has spill-over reputation in India. But then, establishing spill-over reputation would only be the first hurdle for the plaintiff. The plaintiff would still have to show the likelihood of misrepresentation, ie, ‘a real risk that a substantial number of persons among the relevant section of the public would in fact believe that there was a business connection between’ the plaintiff and the defendant.\(^{155}\) In \textit{Cadila Healthcare Ltd v Cadila Pharmaceuticals Ltd},\(^{156}\) the Supreme Court of India held that, in passing off cases involving trade marks, the following factors should be considered to determine this:

\begin{itemize}
  \item [(a)] The nature of the marks (. . .)
  \item [(b)] The degree of resemblance between the marks (. . .)
  \item [(c)] The nature of the goods in respect of which they are used (. . .)
  \item [(d)] The similarity in the nature, character and performance of the goods . . .
  \item [(e)] The class of purchasers who are likely to buy the goods (. . .) their education and intelligence (. . .)
  \item [(f)] The mode of purchasing the goods . . . and
  \item [(g)] Any other surrounding circumstances which may be relevant (. . .).\(^{157}\)
\end{itemize}

The court held that the weightage given to each factor could vary from case to case.\(^{158}\) Accordingly, in \textit{Khoday Distilleries Ltd v The Scotch Whisky Association},\(^{159}\) the court placed strong emphasis on the fifth \textit{Cadila} factor (the class of purchasers). The court dismissed a proceeding for rectification, filed by the Scotch Whisky Association, to cancel the registration of the mark PETER SCOT (the application was filed on the ground that PETER SCOT was deceptively similar to the geographical name SCOTCH, and that its use would amount to passing off). The court held that the class of consumers in question were likely to have a high degree of education and awareness, and were thus unlikely to be deceived.\(^{160}\) Hence, even if a little-known plaintiff manages to convince an ‘economically


\(^{156}\) AIR 2001 SC 1952 (Supreme Court of India).

\(^{157}\) ibid [47].

\(^{158}\) ibid [48].

\(^{159}\) AIR 2008 SC 2737 (Supreme Court of India).

\(^{160}\) ibid [75], [87].
prejudiced' judge and clear the hurdle of proving spill-over reputation in a passing off action, a defendant can still defend the suit by pointing to various factors. This could include visual differences between the marks in question (if any), or the class of consumers in question (if the consumers are highly aware) or to differences between the goods and services (if any). Even in the CHOCLAIRS case, the court tempered its ruling by observing: ‘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’.

Thus, in both India and the UK, the need for a ‘balancing exercise’ can be met by requiring plaintiffs to produce strong evidence of spill-over reputation, combined with a rigorous application of the deception requirement (and, subsequently, the likelihood-of-damage requirement). The (as yet unjustified) fear of foreign plaintiffs with no spill-over reputation harassing domestic traders in vexatious passing off cases, and judges indulging such plaintiffs, can hardly justify the continuance of the traditional English approach to passing off. Furthermore, the question of vexatious litigation is a wider problem not peculiar to intellectual property litigation, and should be confronted by judges and lawmakers more generally, for example, by awarding costs in appropriate cases.

**F Conclusion**

The issue this paper has discussed has been described as ‘one of the most intractable’ in the law of passing off. In India, courts have consistently recognised spill-over reputation, even in the absence of goodwill, as sufficient to fulfil the first of the classical trinity of requirements in a passing off action. Courts have been mindful of judicial trends in other Commonwealth countries and of modern advancements through which the reputation of a mark can transcend borders. Thus, the tort of passing off in India remains highly relevant in the 21st century. In contrast, the tort of passing off in the UK remains stagnant, even as lawmakers have tried to make up for this by providing plaintiffs a separate remedy through section 56 of the Trade Marks Act 1994. To some extent, Cipriani and Starbucks have liberalised the scope of the tort by recognising myriad forms of goodwill by overseas traders. It is thus hoped that the rigid English approach will gradually whittle down further, and that spill-over reputation alone will one day be recognised by the courts in the UK, like it has been in the other Commonwealth countries.

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161 CHOCLAIRS case (n 112) [33(d)].
162 Wadlow (n 26) 157.