

**OPEN BOOK EXAMINATION**

**344**

*Roll No.....*

*Time allowed : 3 hours*

*Maximum marks : 100*

*Total number of questions : 6*

*Total number of printed pages : 16*

**NOTE :** *Answer ALL Questions.*

1. Read and analyze the case study and answer the questions given at the end :

India is the world's largest producer of tea, with a total production of 846 million kgs in the year 2002, supplying about 31 per cent of the world's favourite hot drink. Among the teas grown in India, Darjeeling tea offers distinctive characteristics of quality and flavour, and also has a global reputation for more than a century. Broadly speaking, there are two factors which have contributed to such an exceptional and distinctive taste, namely geographical origin and processing. Darjeeling tea has been cultivated, grown and produced in tea gardens in a well-known geographical area — the Darjeeling district in the Indian state of West Bengal — for over one and a half centuries. The tea gardens are located at elevations of over 2000 metres above mean sea level.

Even though the tea industry in India lies in the private sector, it has been statutorily regulated and controlled by the Ministry of Commerce since 1933 under various enactments culminating in the Tea Act, 1953. The Tea Board of India (Tea Board) was set up under this Act. A major portion of the annual production of Darjeeling tea is exported, the key buyers being Japan, Russia, the United States, United Kingdom and other European Union (EU) countries such as France, Germany and the Netherlands.

**Efforts made by the Tea Board to ensure the supply of genuine Darjeeling tea**

In order to ensure the supply and genuine Darjeeling tea, a compulsory system of certifying the authenticity of exported Darjeeling tea was incorporated into the Tea Act, 1953 in February

2000. The system makes it compulsory for all the dealers in Darjeeling tea to enter into a licence agreement with the Tea Board of India on payment of an annual licence fee. The terms and conditions of the agreement provide, *inter alia*, that the licensees must furnish information relating to the production and manufacture of Darjeeling tea and its sale, through auction or otherwise. The Tea Board is thus able to compute and compile the total volume of Darjeeling tea produced and sold in the given period. No blending with teas of other origin is permitted. Certificates of origin are then issued for export consignments under the Tea (Marketing and Distribution Control) Order, 2000, read with the Tea Act, 1953. Data are entered from the garden invoices (the first point of movement outside the factory) into a database, and the issue of the Certificate of Origin authenticates the export of each consignment of Darjeeling tea by cross-checking the details. The customs authorities in India have instructed, by circular, all customs checkpoints to check for the certificates of origin accompanying the Darjeeling tea consignments and not to allow the export of any tea as ‘Darjeeling’ without this certificate. This ensures the sale-chain integrity of Darjeeling tea until consignments leave the country.

### **Legal protection at domestic level**

#### **Certification Trade Mark Registration**

In order to provide legal protection in India, Tea Board registered the ‘Darjeeling logo’ and also the word ‘Darjeeling’ as Certification Trade Marks (CTMs) under the Trade and Merchandise Marks Act, 1958 (now the Trade Marks Act, 1999).

#### **GI registration**

The Tea Board has also applied for the registration of the words ‘Darjeeling’ and ‘Darjeeling logo’ under the Geographical Indications of Goods (Registration and Protection) Act, 1999 (the Act) which came into force with effect from 15 September 2003, in addition to the CTMs mentioned above.

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**Under the Act :**

- (a) No person shall be entitled to institute any proceeding to prevent or recover damages for the infringement of unregistered geographical indications.
- (b) A registration of geographical indications shall give to the registered proprietor and all authorized users whose names have been entered in the register the right to obtain relief in respect of infringement of the geographical indications. However, authorized users alone shall have the exclusive right to the use of the geographical indications in relation to the goods in respect of which the geographical indications are registered.
- (c) A registered geographical indication is infringed by a person who, not being an authorized user thereof,
  - (i) uses such geographical indications by any means in the designation or presentation of goods that indicates or suggests that such goods originate in some other geographical area other than the true place of origin of the goods in a manner which misleads the public; or
  - (ii) uses any geographical indications in such a manner which constitutes an act of unfair competition including passing off in respect of registered geographical indications; or
  - (iii) uses another geographical indication to the goods which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in the region, territory or locality in respect of which such registered geographical indications relate.
- (d) The purpose of the Global Indications of Goods (Registration and Protection) Act, 1999 is to create a public register, and
- (e) The Act confers public rights.

**Status of registration of Global Indications (GI) :**

The registration of the marks applied for by the Tea Board has not yet been granted. The Registrar has, however, after examining the application for registration filed by the Tea Board advertised for any expression of opposition. It is only after considering opposition, if any, that the Registrar may decide to register the GI of the Tea Board.

**Reasons of GI protection at domestic level and export markets**

The reasons for the need for additional protection for GI over and above the CTM has been set out by the chair of the Tea Board as follows :

- When CTM registration is not accepted in a jurisdiction where protection is sought, for example, France for Darjeeling;
- because GI registration is necessary to obtain reciprocal protection of a mark mandate under EU Regulation 2081/92; and
- registration gives clear status to a GI, indicating a direct link with geographical origin.

Quite apart from the aforesaid reasons the Act in India has also been enacted in order to comply with its obligation under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which requires WTO members to enact appropriate implementation legislation for GI.

**Steps taken at international level***(i)* Registration of Darjeeling tea and logo

In order to protect 'Darjeeling' and 'Darjeeling logo' as GI, the Tea Board registered the marks in various countries, including the United States, Canada, Japan, Egypt, United Kingdom and some other European countries, as a trade mark/CTM. In this context it is relevant to note that on 3 August 2001 the UK Trade Registry granted

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registration of the word 'Darjeeling' as of 30 March 1998 under the UK Trade Marks Act 1994. The United States has also accepted the application of the Tea Board for the registration of 'Darjeeling' as a CTM in October 2002.

(ii) The appointment of International Watch Agency

In order to prevent misuse of 'Darjeeling' and the logo, the Tea Board has since 1998 hired the services of Compumark, a world wide watch agency. Compumark is required to monitor and report to the Tea Board all cases of unauthorized use and attempted registration. Pursuant to Compumark's appointment, several cases of attempted registrations and unauthorized use of 'Darjeeling' and Darjeeling Logo have been reported.

(iii) The assistance of overseas buyers

In order to ensure the supply of genuine Darjeeling tea, the Tea Board has sought the help of all overseas buyers, sellers and Tea Councils and Associations insofar as they should insist on certificates of origin to accompany all export consignments of Darjeeling tea.

**Local and external players and their roles**

The Tea Board, the sole representative of tea producers in India, is responsible for the implementation of the government's regulations and policies. It is vested with the authority to administer all stages of tea cultivation, processing and sale (including the Darjeeling segment) through various orders issued by the government. It works in close co-operation with the Darjeeling Planters Association, which is the sole producers' forum for Darjeeling tea. Both the Tea Board and the Darjeeling Planters Association (DPA) have been involved at various levels in protecting and defending the 'Darjeeling tea' and 'Darjeeling logo'. The primary objects are (i) to prevent misuse of the word 'Darjeeling' for tea sold worldwide; (ii) to

deliver the correct product to the consumer; (iii) to enable the commercial benefit of the equity of the brand to reach the Indian tea industry and ultimately the plantation worker; (iv) to achieve international status similar to champagne or Scotch whisky in terms of both brand and equity and governance/administration.

The Tea Board assumed the role of complainant in making and filing opposition or other legal measures whenever cases of unauthorized use or attempted or actual registration of Darjeeling and Darjeeling logo were brought to its notice. Such legal measures are generally taken where negotiation failed. For instance, in February 2000 in Japan, the Tea Board filed an opposition against Yutaka Sang yo Kabushiki Kaisa of Japan for registration of the trade mark 'Darjeeling Tea' with the map of India, the International Tea KK of Japan for registration of Darjeeling Women device in Japan under class 30/42 (tea, coffee and cocoa) and against Mitsui Norin KK for the use in advertising of the 'Divine Darjeeling' logo. These opposing parties defended the invalidation action filed against them.

Some disputes relating to Darjeeling tea have been settled through negotiation undertaken by the Tea Board of India with the foreign companies concerned with the help of their respective governments. Thus, the Tea Board with the help of the Indian government continues to negotiate with France at various levels over the activities of the French trademark authorities. Moreover BULGARI, Switzerland agreed to withdraw the legend 'Darjeeling Tea fragrance for men' pursuant to legal notice and negotiations.

In one of the cases in France, the Tea Board put the applicant Comptoir des Parfums (which advertised in March 1999) on notice, and drew its attention to the prior rights and goodwill in the name of Darjeeling as the GI for tea, requiring it to withdraw its application voluntarily. Based on the correspondence, the applicant consented to the amendment of all specifications of goods by the addition of 'all those goods being made of Darjeeling tea

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or recalling the scent of Darjeeling tea'. The amendment proposed by the applicant was found by the examiner to be descriptive of the goods in question.

'The Tea Board of India feels that a partnership with the buyers in the major consuming countries such as Germany, Japan and the United Kingdom would be the only long term solution to the problem of possible passing off.' However, it strongly opposes any attempt at individual registration in the case of private labels or its misuse in specific overseas jurisdictions.

### **Challenges faced and the outcome**

The Tea Board has faced a series of hurdles, challenges and difficulties in the protection and enforcement of the word 'Darjeeling' and of the Darjeeling logo. Some of the major challenges faced by the Tea Board's effort to protect 'Darjeeling' and the Darjeeling logo in Japan, France, Russia, the United States and other countries are given below :

#### **(i) Unauthorized use and registration of Darjeeling Tea and logo in Japan**

In the first case the Tea Board filed an invalidation action against International Tea KK, a Japanese company, over the registration of the Darjeeling logo mark, namely, Darjeeling Women 'serving tea/coffee/coca/soft drinks/fruit juice' in the Japanese Patent Office (JPO) on 29 November 1996 with the trademark registration number 3221237. The impugned registration was made notwithstanding the registration in Japan of the identical Darjeeling logo mark by the Tea Board, with the trademark registration number 2153113, dated 31 July 1987. The Tea Board also filed a non-use cancellation action. On 28 August 2002 the JPO Board of Appeal held that the pirate registration was invalid because it was contrary to public order and morality. With regard to the Tea Board's non-use cancellation action, the JPO decided that International Tea KK had not furnished sufficient evidence to substantiate its use of registration and thereby allowed the appeal of the Tea Board.

In the second case, the Tea Board opposed the application for ‘Divine Darjeeling’ in class 30 (Darjeeling tea, coffee and cocoa produced in Darjeeling, India) filed by Mitsui Norin KK of Japan advertised on 29 February 2000. The opposition was mainly on three grounds, namely (i) ‘divine’ is a laudatory term and accordingly the mark for which protection is sought is merely ‘Darjeeling’, which is clearly non-distinctive; (ii) ‘Divine Darjeeling’ is misleading insofar as ‘coffee and cocoa produced in Darjeeling’ are concerned, all the more so because the district of Darjeeling does not produce coffee or cocoa; (iii) Darjeeling tea qualifies as a geographical indication under international conventions including TRIPS and ought to be protected as such in Japan, a member of TRIPS.

The JPO Opposition Board dismissed the invalidation action filed by the Tea Board of India primarily on the ground that the mark ‘Divine Darjeeling’ as a whole was not misleading or descriptive of the quality of goods. However, the non-use cancellation action succeeded, because the registered proprietor was not able to place on record adequate evidence to prove the use of the mark in Japan.

In yet another case, the Tea Board brought an invalidation action against Japanese trade mark registration of ‘Darjeeling tea’ with a map of India in class 30 by Yutaka Sangyo Kabushiki Kaisa, on the ground that the registration was contrary to public order and morality. This action was rejected on the ground that ‘the written English characters “Darjeeling tea” and the map of India for the goods of Darjeeling tea are used as an indication of the origin and quality of Darjeeling tea and will not harm the feelings of the Indian people’. However, the non-use cancellation action filed by the Tea Board succeeded, because the registered proprietor was not able to place on record sufficient evidence to prove the use of the mark in Japan.



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A perusal of these decisions reveals that the JPO did not decide the contention of the Tea Board relating to the TRIPS Agreement, which requires WTO members to provide the legal means to prevent the use of a GI for goods originating in a geographical area other than the true place of origin in a manner which misleads the public to constitute an act of unfair competition. Indeed, non-disposal of the argument that the procedural guidelines of WTO be followed dilutes the effect of the TRIPS Agreement.

**Other instances of defending GI against developed countries**

- (i) **France** : While the India system protects French GIs, France on the other hand does not extend similar or reciprocal protection to Indian GIs. Thus French law does not permit any opposition to an application for a trademark similar or identical to a GI if the goods covered are different from those represented by the GI. The owner of the GI can take appropriate judicial proceedings only after the impugned application has proceeded to registration. The net effect of such a provision has been that despite India's protests, Darjeeling has been misappropriated as a trademark in respect of several goods in class 25, namely, clothing, shoes and headgear. The French Examiner — even though he found evidence in favour of the Tea Board of India (i) on sufficient proof of use of 'Darjeeling' tea in France, and (ii) that the applicant had slavishly copied the name Darjeeling in its application — held that the respective goods 'clothing, shoes, headgear' and 'tea' are not of the same nature, function and intended use, produced in different places and sold through different networks. The Examiner also held that even if the applicant has slavishly copied the Tea Board's Darjeeling logo (being the prior mark), the difference in the nature of the respective goods is sufficient to hold that the applicant's mark may be adopted without prejudicing the Tea Board's rights in the name 'Darjeeling'.

In another case the Tea Board opposed the application against the advertised marks for Darjeeling in classes 5, 12 and 28 by Dor François Marie in France. The French Examiner rejected the Tea Board's opposition and held that the respective goods did not (i) have the same nature, function and intended use; and (ii) share the same distribution circuits. However, he held that although the applicant's mark constituted a partial reproduction of the Tea Board's prior figurative registration for the Darjeeling logo, the designated goods lacked similarity to that of the Tea Board's prior marks and the logo, therefore, may be used as a trademark without prejudicing the prior rights of the Tea Board.

- (ii) **Russia** : The Tea Board filed an application for unauthorized use by a company of the word 'Darjeeling'. This application was objected to on the ground of conflict with an earlier registration of the identical word by a company named 'Akotus'. The Russian Patent Office overruled the objection and accepted the application of Tea Board for the word 'Darjeeling'.
- (iii) **United States** : The Tea Board is opposing an application filed by its licensee in United States to register 'Darjeeling nouveau' ('nouveau' is the French for 'new') relating to diverse goods and service such as clothing, lingerie, Internet services, coffee, cocoa and so on in respect of first flush Darjeeling tea. The registration application is under consideration even though 'Darjeeling' is already registered under US CTM law.
- (iv) **Other countries** : In several cases the Tea Board opposed attempted registration and unauthorized use of the word 'Darjeeling' in Germany, Israel, Norway and Sri Lanka before the Patent Office of the country concerned.

#### **Costs of protection and enforcement for the industry and the government**

Another major challenge faced by the Tea Board relates to legal and registration expenses, costs of hiring an international watch agency and fighting infringements in overseas jurisdictions.

Thus during the last four years, the Tea Board has spent approximately US\$ 200,000 for these purposes. This amount does not include administrative expenses including the relevant personnel working for the Tea Board, the cost of setting up monitoring mechanisms, software development costs and so forth. It is not possible for every geographical indication right holder to incur such expenses protection. Further, like overseeing, monitoring and implementing GI protection, the high cost of taking legal action can prevent a country from engaging a lawyer to contest the case, however genuine and strong the case may be. Moreover, lack of expertise in the proper handling of highly complex legal language is another challenge to be met.

#### **Lessons for others**

The Tea Board appears to be not satisfied with the policy as well as the approach of the patent authority in Japan and France. In order to deal with the situations described above, India, along with several other member countries of the WTO, wants to extend the proposed register for GI to include products or goods, other than wines and spirits, which may be distinguished by the quality, reputation or other characteristics essentially attributable to their geographical origin.

The main advantage would be to develop a multilateral system of notification and registration of all geographical indications. In this connection, a joint paper has recently been submitted to the TRIPS Council. The Doha Ministerial Declaration under paragraphs 12 and 18 also provides a mandate for the issue of providing a higher level of protection to GIs to products other than 'wines and spirits' to be addressed by the TRIPS Council. According to the Tea Board, (i) extension of protection under Article 23 for products other than wines and spirits is required where no legal platform exists to register a GI or a CTM which is a TRIPS obligation, for example Japan; (ii) once the scope of protection is extended it would

not be necessary to establish the credentials/reputation of a GI before fighting the infringement of similar ‘types’, ‘styles’, or ‘look-alikes’; and (iii) additional protection would rectify the imbalance created by the special protection of wines and spirits.

The experience in defending GI in France, the United States and Japan further strengthens the Tea Board’s perspective on the subject. Despite a registration of ‘Darjeeling’ as a GI in France, the Tea Board was unsuccessful in defending it because French law does not permit any opposition to an application for a trade mark, similar or identical to a GI. Likewise, India’s efforts to protect ‘Darjeeling’ in Japan did not succeed because the prefix ‘Divine’ has not gained currency in the Japanese language. From the experiences described above, it is felt that it is high time to evolve a rule that no application for registration of a GI of the same or similar goods or products or even similar type, style or look-alike already registered in that country be ordinarily entertained by the competent authority of the country concerned. Further, the GI status and apprehended or actual violation of GI should be published at both domestic and international levels. Moreover, adequate steps should be taken to evolve rules and procedures for GI or CTM registration in all the member countries of the WTO. This would prevent conflict to a great extent. Finally, a vigilance cell should be established to check the violation and misuse of the GI of any product.

*Questions :*

(a) How does ‘Darjeeling Tea’ satisfy the criteria of geographical indications under the Geographical Indication of Goods (Registration and Protection) Act, 1999 ?

Why was a compulsory system of certifying the authenticity of exported Darjeeling Tea incorporated into the Tea Act, 1953 in 2000 ?

(10 marks)

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- (b) In case the Government of India is interested to protect the 'Darjeeling Tea' under the Geographical Indications of Goods (Registration and Protection) Act, 1999, how can an application be filed and what should be the contents of the application ? Explain in the context of the case study.

(10 marks)

- (c) Elaborate the unauthorised use and registration of Darjeeling Tea and logo in Japan and defending GI against developed countries.

(10 marks)

- (d) What was Doha Ministerial Declaration under paragraphs 12 and 18 and what did Tea Board experience in defending GI in France, the USA and Japan ?

(10 marks)

- (e) What are the initiatives taken by Tea Board of India to ensure geographical indications (GI) protection to 'Darjeeling Tea' ?

What measures would you suggest to pave way for enhanced protection of Intellectual Property Rights (IPRs) in the context of 'Darjeeling Tea' ?

(10 marks)

2. Read and analyze the following case study and answer the questions given at the end :

A Dutch SME produces their additives in China under the name Roi Jaguar. Their General Manager in China is tasked with making sure that the brand is protected in accordance with Chinese law. At one point, the Chinese General Manager leaves the company. Soon after he leaves, the Dutch SME discovers a very similar product on the Indian market called Roi Lynx. Both brands thus exist with the same word followed by the name of a species of big cat.

After some research, the Dutch SME, finds out that after quitting the job, its former General Manager has started competing against it with very similar products. Also, after consulting the China IPR SME Helpdesk, the SME finds out that the former General Manager has registered the trademarks of the company in China in his own name instead of under the Dutch company in China.

The situation escalates due to some other related outstanding issues for which the former General Manager still demands certain payments. The Dutch company refuses, so the former General Manager goes to the local Authority of Industry and Commerce (AIC) and shows them the trademark certificate of Roi Jaguar, which results in the AIC confiscating the infringing products of the Dutch SME that carry the name Roi Jaguar. As the Chinese trademark registration is in the name of the former General Manager, and the Dutch SME does not have the legal right to the name Roi Jaguar, the former General Manager legally closes down the business of the Dutch SME with regard to the brand Roi Jaguar.

The trademark registration carried out by the former General Manager was done in bad-faith due to his existing relationship with the Dutch SME. The Dutch SME thus filed for a trademark cancellation as the trademark was registered in bad faith, and then subsequently applied for the trademark itself.

After first having filed the trademark cancellation, which temporarily stopped infringement of the Roi Jaguar trademark, the Dutch SME continued to produce the product, but under a different product name. Before the new product name was used, the company checked that there were no conflicting trademarks that had already been registered in China, with regard to additives for that new name. The Dutch SME then registered the wordmark, logo and the Chinese character name of the new product. Once the cancellation was concluded and the trademark was applied for in the Dutch SME's name, the Dutch SME was able to put its products under the Roi Jaguar name back on the market.

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**Lessons learned**

- Be on top of trademark registrations in China, and make sure the registration of the trademark is conducted in your own company name.
- Draft your contracts with care and with the assistance of legal professionals and translators to make sure that all terms, conditions and obligations are clear for both parties.

*Questions :*

- (a) How was the former General Manager successful in legally closing down the business of the Dutch SME with regard to the brand Roi Jaguar in China ?  
(10 marks)
- (b) Explain how was Dutch SME able to put its products under the Roi Jaguar name in Chinese market.  
(10 marks)
- (c) If tomorrow the Dutch SME operates in India by registering its trademark in India and someone infringes its trademark, then how will the Dutch SME get relief in suits for infringement/passing off under the Indian law quoting relevant case law, if any.  
(10 marks)
3. To qualify for the grant of a patent under the Patents Act, 1970, the invention must be non-obvious. But determining whether an invention is non-obvious is one of the most difficult tasks in patent law. Discuss.  
(5 marks)
4. Sonar Industries, proprietor of registered design, obtained an ad interim injunction restraining TRISHA International from manufacturing portable table fans with a design that was allegedly an obvious or colourable imitation of Sonar's registered design for such fans. Sonar Industries also alleged that TRISHA International was guilty of piracy of its registered design.
- TRISHA International contended striking features of the registered design could not be viewed in isolation. It added that configuration and ornamentation of its table fan design were dissimilar.
- Will TRISHA International succeed in getting the ad interim injunction vacated ? Give reasons in support of your answer.

(5 marks)

5. A law journal copy-edited a court judgment. It sought copyright by establishing amount of skill, labour and capital put in the inputs of the copy-edited judgment. It was contested on the ground that judicial pronouncements are in the public domain and that their publication does not infringe the copyright.

Will the law journal succeed in its copyright of a copy-edited judgment ? Give reasons in support of your answer.

*(5 marks)*

6. An Indian automobile company is interested in joint venture arrangement with a foreign company. It has, however, little knowledge about Due-diligence of intellectual property rights in a corporate transaction.

Advise the company regarding :

- (i) the purpose IP due diligence serves, and
- (ii) the scope of IP due diligence.

*(5 marks)*

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