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India: Limitations of geographical indication and certification trademarks – Tea Board v. ITC Limited (2019)

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In a recent decision^[1] the Calcutta High Court (“**Court**”) upheld the use of the word ‘Darjeeling’ for the 5-star hotel lounge operated by ITC Limited (“**ITC**”). The ‘Darjeeling lounge’ was introduced by ITC in January 2003. The plaintiff Tea Board, a state agency established to promote cultivation and trade of tea, held registrations for ‘Darjeeling’ for tea as a geographical indication (“**GI**”) and a certification mark. In April 2005, the Tea Board allegedly became aware of ITC’s trademark application for ‘Darjeeling lounge’.

After prolonged exchange of notices, the plaintiff filed suit in September 2010 before the Court requesting a perpetual injunction against the alleged infringer.

Key issues and decision of the Court:

Maintainability of the suit

The GI Act, 1999 (“**GI Act**”) came into force only on 15 September 2003. Section 26(1)(a) protects trademarks acquired through use in good faith before this date. Further, Section 26(4) of GI Act bars infringement suits against trademarks filed more than 5 years from becoming aware of the use or registration by the infringer of any mark similar to the GI.

The use of ‘Darjeeling lounge’ was held to be protected by both provisions. Nevertheless, the Court ruled on the issue of infringement and passing-off of both the GI and the certification mark.

Infringement and unfair competition under the GI Act

The Court clarified that the GI Act as well as the infringement provision in Section 22 confine the scope of geographical indication to ‘goods.’ The use of ‘Darjeeling lounge’ for hospitality services could therefore not constitute an infringement of the GI.

Further, the GI Act defines unfair competition as ‘*any act of competition contrary to honest practice in commercial matters*’ which includes acts meant to create confusion or discredit the establishment, goods or commercial activities of a *competitor*. The Court noted that there was no competition between the alleged infringer (which operates in the hotel market) and Tea Board which certifies tea bearing the name ‘Darjeeling’ as being 100% Darjeeling tea originating from the 87 tea gardens in Darjeeling district of West Bengal. Therefore, there was no scope for unfair

competition.

Infringement and passing-off of the certification mark

The certification mark was obtained under the earlier trade mark law, when such marks were confined to ‘goods’, unlike under the current Trademark Act of 1999 (“**1999 Act**”), which protects certification marks also for services.

The Court distinguished between the broader scope of infringement applicable to ‘regular’ trademarks, including cross-class protection in the form of dilution rights and the limited scope of infringement envisaged under the 1999 Act for certification marks. Section 75 of the 1999 Act deals with infringements of certification marks, defining them as:

“use in the course of trade, a mark, which is identical with, or deceptively similar to the certification trade mark in relation to any goods or services in respect of which it is registered, and in such manner as to render the use of the mark likely to be taken as being a use as a trade mark.”

This limits protection to the goods and services for which a certification mark is registered (in this case tea). Also for that reason, there was therefore no infringement by use of the protected term for hospitality services.

With respect to passing off, the plaintiff must establish: (a) reputation of the goods; (b) *possibility of deception* of the consumer; and (c) likelihood of loss. The Court held that the ‘Darjeeling lounge’ in the 5-star hotel was open only to high-end customers, who would not be misled into thinking that the food and beverages served in the lounge originated from the Darjeeling district.

Based on the above, the Court held that the suit was frivolous and imposed cost of INR 1 lakh (just under 1.5k USD) on the plaintiff.

The key impact of this judgment including the penalty is to make it difficult for the registered proprietors of GIs protected for specific goods to pursue infringement or passing-off action against unrelated goods or services. Thus, a GI registration cannot be used in India to claim exclusive rights over the use of the word forming the GI e.g. ‘Darjeeling’ for just anything.

It would be interesting to see if the plaintiff appeals this decision before the Supreme Court of India.

[1] Tea Board, India v ITC Limited, (C.S. No. 250 of 2010, 4 February 2019, Calcutta High Court)

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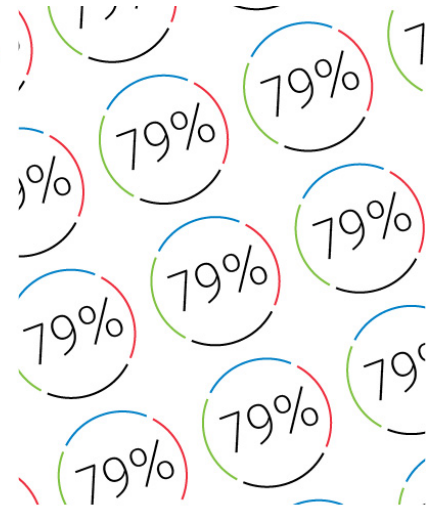
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