

Design and TM law overlap

THE CASE:

Crocs Inc USA v Aqualite India Ltd and Ors
High Court of Delhi
18 February 2019

Dhruv Grover considers the issue of passing off and the assertion of dual rights

There have been several instances before the Indian courts when rightholders have tried to assert dual rights – that of copyright and design or trademark and design over the same subject matter.

Recently, in one such litigation where Remfry & Sagar was acting for the defendant Aqualite India – *Crocs Inc USA v Aqualite India Limited and Ors* (CS (COMM) 903/2018) – the High Court of Delhi had the opportunity to settle the issue of an overlap between design and trademark law.

Crocs Inc USA ('Crocs') had filed two sets of litigations against numerous Indian footwear manufacturers:

- An action for infringement of its registered design; and
- An action for passing off to restrain use of its clog design footwear.

The court refused to grant an interim injunction in the design infringement suits on the ground of prior publication and lack of novelty – this decision was thereafter upheld by the division bench. Further, the court also dismissed the passing off lawsuits on 18 February 2019.

The primary question of law before the court in the latter cases was whether a right to restrain another on the ground of passing off is available to a registered design holder. There is no provision in the Indian Designs Act which envisages a claim for passing off in a design (akin to Section 27 of the Trade Marks Act, 1999). Further, the reason for the enactment of this law was to grant a statutory monopoly over novel designs for 15 years to encourage new and innovative designs by giving them an edge over competitors for a limited period. So it was observed that granting the relief of passing off to a registered design would entail "backdoor evergreening" contrary to the legislative intent of the Designs Act, 2000.

A recent landmark judgment of a five-judge bench of the High Court of Delhi in

"This judgment has cleared the air on the overlap between trademark and designs law in India."

Carlsberg Breweries v Som Distilleries (2018 SCC Online Del 12912) played a significant role in settling the aforesaid question of law. In *Carlsberg* it was held that a claim of passing off lies as long as the elements of design are not used as a trademark, but feature in a larger trade dress get up. Previously, a three-judge bench of the High Court of Delhi in *Mohan Lal v Sona Paint & Hardwares* (2013) 55 PTC 61 (Del) had on similar lines held that a trademark is something which is 'extra' and is added on the goods to denote origin, while a design forms part of the goods. In the present matter, since *Crocs* claimed the common law relief of passing off for features over which it had secured a design registration (of the clog design footwear) and there was nothing "extra", feature or otherwise, being used as a trademark, the claim of passing off was held as non-maintainable.

This judgment has cleared the air on the overlap between trademark and designs law in India. The erstwhile practice of registering a design as a trademark post its expiry as a registered design right, to gain extended protection would no longer hold. In future, the possibility of examiners at the Trade Marks Office objecting to trademark applications based on such issues (a tedious task though!) cannot be ruled out.

From an enforcement point of view,

it would be interesting to see the strategy adopted by rightholders – they must either choose to protect rights through registration under design law or enforce common law rights under trademark law. For instance, we have already witnessed automobile manufactures and tyre manufactures going the route of trademark passing off to block competitors. In 2017 in *Apollo Tyres Ltd v Pioneer Trading Corporation & Anr* (CS(OS) 2802/2015), relying on *Mohan Lal*, the court granted the relief of passing off to the plaintiff holding that "the non-registration of the design contained in the tread pattern does not take away the rights of the person – who uses the said design contained in the tread pattern, as a trademark – to sue for passing off".

Many a time rightholders also adopt blanket novelty claims (vague and wide to cover all aspects of the design) for designs – such as, "the novelty of the article resides in the shape and configuration of the goods". Pursuant to the extant judgment, for maximum protection over their IP, it would be interesting to see if rightholders start restricting novelty claims in design applications to something which is actually novel and save the claim of trademark for something which serves as a source identifier.

Perhaps *Crocs* will agitate the issue in an appeal. It will be interesting to see outcomes in subsequent disputes involving this issue.

Author



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