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## Case Comment: Cigarettes Exuding an Aura of Luxury? A Case Comment on One of the Leading Cases on Trademark Dilution in India

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### INTRODUCTION

It is said that a trademark<sup>1</sup> signifies a connection between a manufacturer and his products in the course of commercial activity. It is an identifier famously referred to as a "badge of origin." Importantly, the trademark must be distinguishable to set one party's goods or services apart from that of another party. Preventing deception among customers is the fundamental goal of trademark protection. People can identify the source of the items and the manufacturer thanks to trademarks. This enables customers to decide on the products before purchasing them. A mark must have developed some degree of distinctiveness to qualify for protection, thus the claim cannot be made only based on continued usage. The illegitimate and unauthorized adoption of a mark that is nearly identical to or resembles that of the trademark in dispute, forces the courts to consider impugned marks, to assess the likelihood, extent, and possibility of confusion in a case of trademark infringement<sup>2</sup>

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<sup>1</sup> Trade Marks Act 1999, s 2(1)

<sup>2</sup> *Durga Dutt Sharma v Navaratna Pharmaceuticals Laboratories* (1965) 1 SCR 737

When the new Trade Marks Act<sup>3</sup> was enacted, a specific provision on dilution was included to provide brand owners with a strong foundation for trademark infringement claims. The judgment below clarifies the application of this provision.

## FACTS

In this case<sup>4</sup>, the plaintiff (ITC) is one of the largest private sector companies operating in India, with a turnover of approx. 23000 crores on an annual basis. The Plaintiff is indulged in diverse businesses ranging from Fast Moving Consumer Goods (FMCG) to agro-business to the hospitality sector(hotels), etc. Plaintiff commenced their business of hotels in 1975 and has been using the 'WELCOME GROUP' extensively ever since. Plaintiff lists 14 hotels under their ITC 'WELCOME GROUP' banner, situated in different parts of the country. Plaintiff claims its renowned 'Kitchens of India' product line for ready-to-consume food items has consistently used its 'WELCOME GROUP' trademark on its packaging and products.

Plaintiff states that the defendants introduced their product (cigarettes) to India under the name 'Marlboro' and ever since their product was introduced to the Indian market, Philip Morris (the Defendants) has used only the standard, long-established "Marlboro" logo. Plaintiff claims that the defendant's mark is nearly identical or similar to their "NAMASTE WELCOME GROUP" mark.

## THE PLAINTIFF'S CONTENTIONS

- That the 'WELCOME GROUP' mark is a unique trademark and copyrighted work, and that the use of the contested logo by the defendants would be detrimental to the plaintiff.
- Tobacco and cigarettes are one of the major businesses of the plaintiff in the country, and the use/adoption of a mark that resembles their mark which potentially links or creates a connection between the defendant's mark and the plaintiff's products, amounts to both passing-off & infringement.

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<sup>3</sup> Trade Marks Act 1999

<sup>4</sup> *ITC Limited v Philip Morris Products SA & Others* (2010) (42) PTC 572 (Del)

- That the defendant's attempt constitutes an infringement of trademark under Section 29(4)<sup>5</sup>, Trade Mark Act of 1999.

### THE DEFENDANT'S CONTENTIONS

- That the 'WELCOME GROUP' logo has not been used in connection with cigarettes and has only been mainly utilized by Plaintiff in its hospitality services.
- Defendant argues that the clientele of such hotels belongs to comparatively well-off families who would not confuse the plaintiff's product with a Marlboro cigarette solely due to the hollow form of its roof device. The Defendants further assert that the name 'Marlboro', which is a registered trademark, is a 'well-known trademark'<sup>6</sup> recognized all across the globe.
- To establish a case of trademark dilution, a 'linkage' or 'mental association' of the infringing mark, with that of the plaintiff's mark, must be shown by the senior mark owner (here the Plaintiff) in addition to the apparent noticeable similarity of the two marks. This linkage, according to the defendant, is lacking in this case.

### LEGAL ISSUES

1. Whether the defendant has infringed the plaintiff's W-NAMASTE logo through dilution?
2. If Plaintiff has successfully shown similarity between the two marks, has it also demonstrated that the mark and the goods or services that incorporate it are distinctive and enjoy a good reputation, which, if utilized in the same manner as the defendants are, would diminish such distinctiveness or exclusivity?

### OBSERVATION

According to the court, the contention that the 'W-NAMASTE' mark is the plaintiff's (ITC) house mark lacks merit because, throughout the proceedings of this case, no one representing ITC disputed the fact that the triangle-shaped logo of ITC is used on goods and services outside of the hospitality industry. Regarding the W-NAMASTE logo or mark, the Indian salutation "Namaste" is depicted in an artistic flair, and a connection to the hospitality business may seem

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<sup>5</sup> Trade Marks Act 1999, s 29(4)

<sup>6</sup> Trade Marks Act 1999, s 2(1)

logical. In addition to the fact that the mark is in use since 1975 and is distinguishable due to its unique styling, it is ultimately just a component integrated within a larger logo.

The Court believes that the test laid down by the Apex Court to check for dilution of a trademark in the landmark case of *Amritdhara Pharmacy*<sup>7</sup>, a case which involved the similarity of rival marks where goods were similar, is not identical here. Firstly, when it comes to allegations of trademark infringement under section 29(4)<sup>8</sup>, the legislature has deliberately evaded the 'deceptively similar' standard, which is stated by section 2(1)(h)<sup>9</sup> of the Act. It indicates that the burden of proof on the plaintiff to satisfy the identity/similarity standard is a bit higher and tough; that the two marks are nearly identical or resemble each other. Along with that, the rest of the elements required to establish dilution, i.e., dissimilarity of the impugned and the senior marks at dispute, the goodwill of the senior mark in the country, defendant using the impugned mark without authorization, which ultimately leads to gaining unfair leverage/exploitation of the registered trade mark - must be proven as well. All of these components must be established.

Therefore, in such cases, where claims regarding trademark dilution are made, the plaintiff must meet a stricter criterion (compared to the 'deceptive similarity' standard) to prove his case. Instead of concentrating on the common elements of the mark at dispute, a 'global' perspective must be taken when evaluating while determining whether the contested/junior mark has diluted an already-registered mark.

## DECISION

When analyzing the two marks/logos without considering the minute parallels or variations, the Court decided that there is no 'identity' or 'similarity' in the whole appearance of either mark. The reasoning is reinforced by the record evidence showing that the plaintiff's stylistic mark in the hospitality sector, has its unique market when compared with another mark. Applying the 'identity' or 'similarity' test to logos and other marks must lead to the conclusion or finding that the competing marks are nearly identical or similar from a global standpoint. Therefore, it is concluded that the two trademarks ("W-NAMASTE" and the tilting 'flame' logo)

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<sup>7</sup> *Amritdhara Pharmacy v Satya Deo Gupta* (1963) AIR 449

<sup>8</sup> Trade Marks Act 1999, s 29(4)

<sup>9</sup> Trade Marks Act 1999, s 2(1)(h)

are neither identical nor confusingly similar. The latter (impugned) mark is distinctive and incorporates its artistic components.

The prestige or "aura of luxury" associated with the plaintiff's mark goes beyond the realm of hospitality and might be applied to other high-end goods. Nevertheless, there is no evidence to suggest that this includes premium cigarettes. Because the plaintiff does not dispute offering items that compete with the defendants', namely cigarettes in comparable price ranges, this factor is vital.

All evidence suggests that the differences between the defendant's cigarettes and ITC's hospitality business are significant and fundamental. There is no proof to suggest that the defendant's use of the 'W-NAMASTE' mark would cause any damage to the plaintiff's brand. The plaintiff has failed to provide evidence that it markets its cigarettes under the "W-NAMASTE" mark and even if it did, it would not be the primary or dominant logo for such products. Most importantly, the target market for the defendant's mark (with "MARLBORO" prominently displayed) consists neither of customers of the plaintiff's hospitality services nor customers of the competitor ITC's premium and high-priced cigarettes. All of these considerations and the information presented lead the court to the conclusion that the defendant's mark does not in any manner link/connect to the plaintiffs' business activities in a way that would result in damage to the plaintiffs and give a competitive edge to the defendant. For the reasons stated above, the court has determined that the plaintiff lacks standing for the issuance of a temporary injunction.

## **ANALYSIS**

Indian courts have taken a more forgiving approach than their American counterparts in this instance. In contrast to the requirements of US law, the verdict just states that the mark needs to possess 'a reputation in India'. In 2006, the United States Congress approved the 'Trademark Dilution Revision Act'<sup>10</sup> to address this problem head-on. These factors, which are an exemption to the law of dilution, must be considered under this Act in determining whether the impugned mark achieves the 'necessary degrees of recognition'. Uses of the mark in parody,

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<sup>10</sup> Trademark Dilution Revision Act 2006

journalism, criticism, entertainment, and education are all examples. Trademark dilution does not apply in such cases when 'descriptive' or 'nominative' fair use may apply<sup>11</sup>.

However, while establishing the basics of a claim of dilution, the Delhi High Court only observed that the mark must be harmful to the unique character or repute associated with the registered trademark. The burden of evidence was not a major topic of debate. Section 29(4)<sup>12</sup> states that the mark must also be detrimental to the registered mark or unfairly taken advantage of it. No such exception is provided for in the section, and "detrimental" may include even parodies, criticism, or remarks.

There is a consensus that criticism, parody, and commentary ought to be exempted from this rule. Section 29(4)<sup>13</sup> has a wide scope, making it easy for users of famous marks to take benefit of it. Because famous mark users tend to be large corporations, they could use the wide protection of the provision to harass smaller companies, and the standards set out by TDRA may be used to do this.

## CONCLUSION

There is no better indicator of a product's quality than its trademark. In addition, it helps the company stand out from the crowd by setting products apart from the competition. According to section 29(4)<sup>14</sup>, dilution can occur when an infringing party uses a mark that resembles a renowned registered mark and uses it on products that are not protected by trademark registration. The preceding discussion elaborates on the necessary elements for proving trademark dilution.

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<sup>11</sup> 15 US Code 1958, s 1125(c)(3)

<sup>12</sup> *Ibid*

<sup>13</sup> *Ibid*

<sup>14</sup> Trade Marks Act 1999, s 29(4)