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REGISTRATION OF IDENTICAL TRADEMARKS

The Delhi High Court (**HC**), in the *Broad Peak* case,¹ dealt with a case where two companies held trademark registration over an identical trademark. It observed that if a mark is well-known internationally, it does not mean that there has been a spillover of its reputation and goodwill in India.

Brief Facts

Broad Peak Investment Holdings Limited (**BPIH**) is an investment advisor. d

Broad Peak Capital Advisors LLP (**BPCA**) is an asset management company.

BPIHL had been using the mark 'Broad Peak' (**Trademark**) since 2006 and had a trademark registration in India effective from February 15, 2017.

BPCA had incorporated on August 30, 2016, and also held trademark registrations for the Trademark.

In February 2017, BPIHL got issued a legal notice on BPCA, asserting its prior common law rights in the Trademark and demanding it ceases and desists from using the Trademark.

In March 2017, BPCA filed two applications for registration of the Trademark. The Trade Mark Registry raised objection under Section 11(1) of the Trade Marks Act (**Act**) against the application, citing the BPIHL's prior application as a 'conflicting mark'.

BPIHL emailed to BPCA and Shiv Krishnan, managing director (**SK**), again demanding they stop using the Trademark. BPCA refused.

Upon noticing continued use of the Trademark, in October 2020, BPIHL got served a cease-and-desist notice on SK. SK executed a settlement agreement with BPIHL, agreeing to cease using the Trademark.

In March 2021, BPIHL got served another legal notice on BPCA, detailing the settlement with SK and asking them to refrain from using the mark. BPCA replied stating that the settlement with SK was not binding on them. BPIHL sent a rejoinder, pointing out the connection between SK and BPCA.

BPIHL filed a suit seeking a permanent injunction to restrain BPCA from infringing its Trademarks and passing off BPCA's business as that of BPIHL.

Contentions of the Parties

BPIHL and its subsidiary claimed prior adoption and registration of the Trademark in India and internationally. They argued that BPCA's use of an identical mark for similar services would cause confusion and harm to their established goodwill and reputation. They also highlighted a connection between the BPCA and SK, who had entered into a settlement agreement with BPIHL, to cease using the Trademark.

BPCA and its partner asserted that they *bona fide* adopted the Trademark in August 2016 after conducting due diligence and were unaware of BPIHL's presence in India prior to February 2017. They argued that their business activities and target customer base of sophisticated investors were different from that of the plaintiffs, making confusion unlikely. They also claimed honest and concurrent use of the Trademark and raised the issue of delay and acquiescence by BPIHL in taking legal action.

¹ *Broad Peak Investment Holdings Ltd. and Anr. v. Broad Peak Capital Advisors LLP and Anr*, CS(COMM) 405/2024.

HC's Judgement & Reasoning

The HC dismissed the interim injunction and observed that:²

- BPIHL had failed to establish a *prima facie* case for the grant of interim injunction against BPCA for trademark infringement or passing off.
- BPIHL had not sufficiently demonstrated substantial goodwill and reputation in the Trademark in India as prior users, and BPCA had established a claim of honest and concurrent use.
- The balance of convenience also favoured BPCA, who had been continuously using the mark in India since 2016.
- The settlement agreement between the SK and BPIHL entity would not bind BPCA as they are distinct legal entities and were not party to that agreement.

The HC also:

- Analysed the case based on the common law principle of 'passing off', emphasizing the necessity for the plaintiffs to prove goodwill, misrepresentation, and damage. Citing Section 28 (3) of the Act, it opined that since both the parties held registrations for the identical Trademark in the same class, a *prima facie* case for infringement could not be established at the interim stage.³
- Relied on the territoriality principle as enunciated by the Supreme Court in the *Toyota* case,⁴ stating that international reputation alone is not sufficient; goodwill in India must be proved.⁵
- Considered the differences in the business activities of the parties and highlighted that both parties cater to sophisticated corporate entities and financial professionals, who are less likely to be confused between the services offered. It referred to precedents like the *Cadila*⁶ and *Khoday Distilleries*⁷ cases, which emphasize the degree of care exercised by purchasers.⁸
- Found BPCA's adoption of the Trademark to be *prima facie bona fide*, leading to a conclusion of honest and concurrent use under Section 12 of the Act.⁹

The HC clarified that its observations were preliminary and would not influence the final outcome of the suit.¹⁰

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² Paragraphs 66, 67 and 73 of the Judgement.

³ Paragraph 42 of the Judgement.

⁴ *Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries*, (2018) 2 SCC 1.

⁵ Paragraphs 52 and 53 of the Judgement.

⁶ *Cadila Health Care v. Cadila Pharmaceuticals*, 4 (2001) 5 SCC 73.

⁷ *Khoday Distilleries v. Scotch Whiskey Association*, (2008) 10 SCC 723.

⁸ Paragraphs 61 and 62 of the Judgement.

⁹ Paragraph 58 of the Judgement.

¹⁰ Paragraph 73 of the Judgement.