



NALSAR
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The Law of Trademarks in Cyber Space

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One Year Advanced Diploma in Cyber Laws

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Trademark Infringement & Passing Off

- Sec. 134 of Trademark Act
- Passing Off Action: Tort Action permitted under Sec. 27 of Trademark Act
 - Basis for Infringement
 - Basis for Passing Off
- > Consumer Confusion and Deception
- > 3-Step Test
- > Honest and Concurrent Use
- > Well-Known Nature

Sovereign Equality & Localisation of Transaction

- Every State can apply its Trademark law only within its territory
- Direct application of Jurisdiction - offline
- Application of Jurisdiction for online connections - first requires localization of transaction

Reasonableness Standard

- Establishing Jurisdiction for Online connections is based on the construct of reasonability
- In US, it is termed as 'minimum contacts'
- In Canada, it is termed as 'Real and Substantial Connection'
- Foreseeability is Central to Constructing Reasonability

Purposeful Availment

Bensusan Restaurant Corp. v. King, 937 F. Supp. 295 (S.D.N.Y. 1996):

- 'The Blue Note' jazz club in Columbia : webpage offering general information of club --> Tickets could only be purchased from its outlets in Columbia
- Bensusan corporation (Plaintiff) owns a jazz club in New York called 'The Blue Note'
- Filed suit in New York
- New York Court held that defendant had nothing to **Purposefully Avail** benefits of the New York Jurisdiction

Precedent Reference:

Ballard v. Savage, 65 F.3d 1495 (9th Cir. 1995):

- Expression 'purposefully availed' meant that "the defendant has taken deliberate action within the forum state or if he has created continuing obligations to forum residents."
- It was not required that a defendant be physically present within, or have physical contacts with the forum, provided that his efforts are purposefully directed toward forum residents.

Cybersell, Inc. v. Cybersell, Inc. 130 F.3d 414 (9th Cir. 1997):

- Court established a three part test to determine whether it could exercise specific jurisdiction over the nonresident defendant:

- (1) The nonresident defendant must do some act or consummate some transaction with the forum or perform some act by which he **purposefully avails** himself of the privilege of conducting activities in the forum, thereby invoking the benefits and protections;

- (2) The claim must be one which arises out of the results from the defendant's forum-related activities; and

- (3) Exercise of jurisdiction must be **reasonable**.

Neogen Corp. v. Neo Gen Screening, Inc. 282 F.3d 883, 890 (6th Cir. 2002):

- Neogen, the plaintiff, a Michigan Corporation, was in the business of developing and marketing a range of health care, food, and animalrelated products and services, including certain diagnostic test kits.

- Neo Gen Screening, defendant, a Pennsylvania Corporation does diagnostic testing of blood samples from infants.

- Held:

Mere availability of website in Michigan **will not satisfy purposeful availment**; But, it can be considered along with other modes of interactions with Michigan customers.

Since it had established offline business contacts with Michigan customers, in combination, Court upheld jurisdiction. Since this shows **intention**.

Sliding Scale Test

Zippo Mfg. Co. v. Zippo Dot Com, Inc. 952 F. Supp. 1119 (W.D. Pa. 1997):

- The Sliding Scale Test is an extension of the purposeful availment test
- Zippo Manufacturing was a Pennsylvania corporation making cigarette lighters
- defendant was a California corporation operating an internet website and an internet news service.
- Viewers who were residents of other states had to go to the website in order to subscribe for the defendant's news service by filling out an online application.
- Payment was made online by credit card.
- Suit was brought in Pennsylvania
- Court considered the following test:
 - (1) the defendant must have sufficient 'minimum contacts' with the forum state;
 - (2) the claim asserted against the defendant must arise out of those contacts; and
 - (3) the exercise of jurisdiction must be reasonable.
- Defendant website was an interactive website.

Difficulty of Sliding Scale Test is to determine level of interaction

- This led Courts to use the 'Effects Test'

Toys "R" US v. Step Two, 318 F.3d 446 (3d Cir. 2003):

- Toys "R" US : Hq, New Jersey

- "Imaginarium"

- Step Two : Spain

- Step Two had not knowingly conducted business with residents of New Jersey

- **"There must be evidence that the defendant 'purposefully availed' itself of conducting activity in the forum state, by directly targeting its website to the state, knowingly interacting with residents of the forum state via its website, or through sufficient other related contacts"**

Casio India Co. Limited v. Ashita Tele Systems Pvt. Limited, 2003 (27) P.T.C. 265 (Del.):

- Bombay based defendant, got regd. domain name www.casioindia.com
- Plaintiff is subsidiary of Casio Japan
- Suit brought in Delhi
- “Since a mere likelihood of deception, whereby an average person is likely to be deceived or confused was sufficient to entertain an action for passing off, it was not at all required to be proved that "any actual deception took place at Delhi. Accordingly, the fact that the website of Defendant can be accessed from Delhi is sufficient to invoke the territorial jurisdiction of this Court.”

India TV Independent News Service Pvt. Limited v. India Broadcast Live Llc & Ors., 2007 (35) P.T.C. 177 (Del.):

- The website 'indiatvlive.com' of Defendant No. 1 is not wholly of a 'passive' character. It has a specific section for subscription to its services and the options (provided on the website itself) for the countries whose residents can subscribe to the services include India.
- The plaintiff channel was an Indian news channel intended for Indian audiences, any damage alleged to have been caused or alleged to be likely to arise to the good will, reputation, etc. of the plaintiff would be in India. However, the alleged damage that may have arisen or may be likely to arise to the plaintiff would be as a consequence of the fact that the impugned website is accessible in India and the services provided can be availed of in India : Application of Effects test.

Banyan Tree Holding (P) Limited v. A. Murali Krishna Reddy, 2008 (38) PTC 288 (Del):

- Plaintiff in Singapore; its websites accessible in India
- Defendant in Hyderabad : Banyan Tree Retreat; Defendant website accessible in Delhi
- Court overruled *Casio*
- Held: For the purposes of a passing off action, or an infringement action where the plaintiff is not carrying on business within the jurisdiction of a court, and in the absence of a longarm statute, in order to satisfy the forum court that it has jurisdiction to entertain the suit, the plaintiff would have to show that the defendant 'purposefully availed' itself of the jurisdiction of the forum court. For this it would have to be prima facie shown that the nature of the activity indulged in by the defendant by the use of the website was with an intention to conclude a commercial transaction with the website user and that the specific targeting of the forum state by the defendant resulted in an injury or harm to the plaintiff within the forum state.
- For the purposes of Section 20(c) CPC, in order to show that some part of the cause of action has arisen in the forum state by the use of the internet by the defendant the plaintiff will have to show prima facie that the said website, whether euphemistically termed as 'passive plus' or 'interactive', was specifically targeted at viewers in the forum state for commercial transactions. The plaintiff would have to plead this and produce material to prima facie show that some commercial transaction using the website was entered into by the defendant with a user of its website within the forum state resulting in an injury or harm to the plaintiff within the forum state.
- Merely having an interactive website was not sufficient to make the defendant amenable to the jurisdiction of the forum court. Applying the principle of intentional targeting, it was held that the plaintiff had to show the intention of the defendant to conclude a commercial transaction with the website user.

When a transaction takes place over the internet, where is the transaction concluded?

Supreme court in **Dhodha House v. S.K. Maingi** [2006 (9) SCC 41] has held that plaintiff can be said to “carry on business” if:

- i) the agent must be a special agent who attends exclusively to the business of the principal and carries it on in the name of the principal and not as a general agent who does business for any one that pays him;
- (ii) the person acting as agent, must be an agent in the strict sense of the term and a manager of a Joint Hindu Family cannot be regarded as an —agent within the meaning of this condition; and
- (iii) to constitute —carrying on business at a certain place, the essential part of the business must be performed at that place.

In **WWE v. Reshma Collection**, 2014 (58) PTC 52, Delhi High Court, WWE did not have any agent in Delhi. Therefore, the Court examined whether essential part of business was performed in Delhi. In doing so, it answered the question above.

“The general rule is that the contract is complete when the offeror receives intimation that the offeree has accepted his offer. An exception to this has been carved out in respect of contracts negotiated by postal communications or telegrams. The exception being that the bargain in such cases (post or telegram) would be struck and the contract would be complete when the acceptance of the offeree is put into a course of transmission by him by posting a letter or despatching a telegram.”

Supreme Court has clarified in **Bhagwan Goverdhandas Kedia v. Girdharilal Parshottamdas & Co.** [AIR 1966 SC 543], that in case of telephonic conversation negotiations are concluded by instantaneous communication of speech and therefore, the exception to the general rule of contract would not be applicable in this case.

Held that just as in the case of telephonic conversation, there is instantaneous communication where transactions take place online and applying the rule in **Bhagwan Goverdhandas Kedia**, the Court held that in case of e-commerce, “contracts would be completed at the place where the acceptance is communicated.”

Impresario Entertainment & Hospitality Ltd vs. S & D Hospitality 2018 (73) PTC 275 (DEL):

Plaintiff is a company engaged in providing restaurant services having its registered office at Mumbai. The plaintiff is carrying on a business in Delhi under the Trademark 'SOCIAL'

In 2017 it became aware of the defendant having two restaurants in Hyderabad under the name 'SOCIAL MONKEY' and also about serving an identical/similar beverage to that of the plaintiff's beverage

the defendant has entered into a contract with Zomato in order to promote his business, the office of which is in Delhi and hence this court will enjoy the jurisdiction in the present matter.

High Court relied on the decision of the Court in *Banyan Tree Holding (P) Ltd.* and held that the plaint failed to pass the test laid down in this case because merely registering on Zomato would not conclude a commercial transaction between the defendant and the customers, they would have to avail the services of the defendant at Hyderabad (his principal place of business), even Purposeful Availment could not be proved on the part of defendant.

Therefore the Court did not exercise the jurisdiction in this case.

Bulgari Spa v. Notandas Gems Pvt. Ltd. 2022/DHC/717: Recent Use of Banyan Tree Holdings Ratio.

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