



USE OF ARBITRATION FOR RESOLUTION OF TRADEMARK DISPUTES IN INDIA

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ABSTRACT

With growing industrialization and international market access to Indian businesses, it is need of the day to have a “brand”. Now a days India is witnessing it and trying to create own business identity through getting “Trademarks”. But with increase in Trademark ownership, disputes related to trademark infringement or passing off are increasing every day. In India, for resolution of Trademark Disputes, we follow the Court litigation process, which is very expensive, lengthy and highly technical. Also, there is huge pendency of overall litigations in Indian Courts. If we use Arbitration as one of the Alternative Dispute Resolution mechanism for resolution of trademark Disputes, it will be helpful for stakeholders and litigants to resolve their dispute in better way. But Indian laws and precedents are not crystal clear about arbitrability and procedure of resolution of Trademark or other IPR disputes. To know how trademark disputes can be referred to Arbitration, one must analyze the current legal position through laws and precedents and also by observing what are hurdles in referring the trademark dispute to Arbitration are.

So, in this research paper, efforts are made for creating awareness about how Arbitration technique can be used effectively for resolution of trademark disputes and emphasize on bringing clarity of law and procedure of use of Arbitration for resolution of trademark disputes is made.

Keywords: Arbitration, Alternative Dispute Resolution, Trademark disputes.

INTRODUCTION-

As India is tremendously fast-growing economy, it has many industries that operate under the free market concept. There is huge competition. For every enterprise to thrive in the open market, creating a goodwill, brand value, brand recognition is must. Registration of Trademark is best for that purpose.

Trademark was introduced to ensure the distinctiveness of goods/services of one person from that of another. However, Trademark performs following functions:

1. Assisting consumers to recognize the source of goods/services
2. Determine the quality and helping consumers make a purchasing decision.
3. It is means of advertising and it creates

brand image of the product.

Because of these roles trademark gets multi striated value in itself and once such value is attached to the trademark, it is imperative to protect it from misuse and infringement by others. Trademark protection is important as an aspect of commercial law as well as consumer rights.

Concerning the International Registration of Trademarks, India is a member of the Madrid Agreement. As India is having obligations under the TRIPS Agreement, along with protection of trademarks, it includes recognition of service marks, protection to distinguishing marks, indefinite periodical renewal of registration, abolition of compulsory licensing of trademarks, etc. India follows both, codified law and common law principles, providing for infringement as well as passing off actions against violation of trademarks. Section 135 of the Trademarks Act perceives both

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infringement as well as passing off actions.¹ Section 29 of The Trademarks Act, 1999² defines Infringement of registered trademarks.

In India, litigation or court process is in practice as follows:

Civil proceedings-

Section 134, Trademarks Act provides civil remedies which can be enforced by filing a suit for either infringement and/or passing off in the District Court.

Following remedies are available to the claimant:

1. Injunction: this can either be interlocutory, temporary or permanent.
2. Damages/accounts of profits: claimants must choose between damages or accounts of profit. Grant of damages is compensatory in nature. Accounts of profit is an equitable remedy that requires the defendant to give claimant actual amounts of profit made due to the infringing activities.
3. Destruction and delivery up: in the presence of a local commissioner (appointed by the court), the infringer is directed to deliver the infringing material to the claimant or destroy it.

Criminal proceedings-

Infringement of trademark is a non-bailable, cognizable, offence. It is punishable with imprisonment of six months to three years and can

¹Radhika Shukla, Trademark Infringement and Remedies, Bangalore Institute of Legal Studies, available at: <http://www.legalservicesindia.com/article/1740/Trademark-Infringement-and-Remedies.html>. (Accessed on 22 May 2020 at 08.35 pm)

²The Trade Marks Act, 1999, Sec. 29: A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark. Available at: <https://indiacode.nic.in/bitstream/123456789/1993/1/A1999-47.pdf> (Accessed on 20 May 2020 at 10.22 pm)

also be imposed with a fine of up to Rupees Two Lack.

Jurisdiction-Only district courts and high courts exercising ordinary original civil jurisdiction can decide on such matters.³

Appeals process is similar to other ordinary court hierarchy. It starts with District Court (original Jurisdiction) and appeals can be made to Supreme Court in certain circumstances.

Generally, a lawsuit involving arguments related to preliminary injunctions, a trial along with final arguments, concludes between two to three years from the inception. On the other hand, a lawsuit with higher prospects of settlement, or which is decided on summary judgment, can be resolved far sooner (between one and six months).⁴

The Debate on Arbitrability of Intellectual Property Right and Trademark Disputes:

Arbitration is a procedure in which a dispute is submitted, by agreement of the parties, to one or more arbitrators who make a binding decision on the dispute. Here, we have to consider two main obstacles. First, different jurisdictions have different opinions on the arbitrability of IP disputes, not to mention IP themselves contain different forms like trademark. Certain types of IP disputes are arbitrable as per some legislations; on the other hand, only South African legislation explicitly prohibits IP arbitration. While a look into Indian jurisdictions has not yielded such a clear-cut answer. Now, few nations are pioneering a trend of specific institutions for Arbitrating IPR disputes e.g. the Japan Intellectual Property Arbitration Center.

Second, as a result of said differences, domestic arbitration often faces the dilemma regarding arbitrability. This second obstacle should be addressed with diligence as it has many facets. Firstly, Trademark registration is done by public authority and has territorial jurisdiction. In Indian context, there are different perspectives expressed by different courts. There has been issue of right in rem and right in personam.

³<https://www.worldtrademarkreview.com/enforcement-and-litigation/litigation-procedures-and-strategies-india> (Accessed on 15 May 2020 at 9.50 am)

⁴[https://uk.practicallaw.thomsonreuters.com/w0101547?transitionType=Default&contextData=\(sc.Default\)&firstPage=true&bhcp=1](https://uk.practicallaw.thomsonreuters.com/w0101547?transitionType=Default&contextData=(sc.Default)&firstPage=true&bhcp=1) (Accessed on 15 May 2020 at 9.30 am)

Delhi High Court in one case⁵ observed that ‘all disputes relating to “right in personam” are arbitrable and choice is given to the parties to choose this alternate forum. On the other hand, those relating to “right in rem” having inherent public interest are not arbitrable and the party's choice to choose forum of arbitration is ousted’.

So, referring trademark issue to arbitration is subject to analysis of the fact that whether it is related to right in rem or right in personam. The decision in case of Eros International⁶; makes it abundantly clear that although under trademark and copyright law, registration grants the registrant a right against the world at large and possibly, opposition to such an application (before the Registrar) would be an action in rem, however, an infringement or passing off action binds only the parties to it and hence, trademark Disputes related to infringement or passing of are arbitrable in India.

In cases where parties have entered into contract or agreements like use, development, marketing, assignment or transfer of trademark rights granted, disputes arising out of these “commercial” agreements can be arbitrated on the presence of Arbitration Clause as such matters are generally categorized as inter parties’ matters. Care must be taken that arbitration clause covers the “universe of disputes” that may arise in future.⁷ If there is lack of clarity regarding this, arbitration may not take place. It is important to note that in the absence of any contract, there is no arbitration clause. Yet, in the context of infringement, it is not the best situation for the parties to discuss. It is therefore very important to try to oversee this situation in contracts. There can be post dispute agreement for arbitration. But in India awareness and readiness about resolution of disputes through arbitration does not prevail.

⁵ HDFC Bank v. Satpal Singh Bakshi, 2013 (134) DRJ 566

⁶ Eros International Media Ltd. v. Telemex Links India Pvt. Ltd. and Ors. 2016 (6) ARBLR 121 (BOM), 2016 (6) Bom.CR 321

⁷ DE WERRA, Jacques. Arbitrating international intellectual property disputes: time to think beyond the issue of (non-)arbitrability = L’arbitrage des litiges internationaux de propriété intellectuelle: la nécessité de réfléchir au-delà de la question de (non-)arbitrabilité. International Business Law Journal = Revue de droit des affaires internationales, 2012, no. 3, p. 299-317, Available at: <http://archive-ouverte.unige.ch/unige:55676>

Under Section 89 of the Code of Civil Procedure 1908, the court may refer a dispute to arbitration, conciliation or mediation if court finds existence of elements of a settlement which may be acceptable to the parties. Many passing-off and infringement actions are referred to mediation, and most of these matters get settled between the parties. But in case of arbitration, things are different.

Procedural Aspects of Arbitration:

In India, legislation has created commercial courts for the adjudication of commercial disputes, including intellectual property disputes. These courts look into the issues of invalidity as well as infringement.⁸ But generally, it is the practice of Commercial Court that it would not interfere in the validity of trademark but disputes regarding infringement are entertained by commercial courts. One more interesting matter to highlight here is that, it is mandatory to refer the dispute for mediation under CHAPTER IIIA: pre-institution mediation and settlement, sec.12A of The Commercial Courts (Amendment) Act, 2018.

In context of trademark disputes World Intellectual Property Organization (WIPO), International Chamber of Commerce (ICC) have given certain set of rules or procedures. WIPO has two sets of arbitration mechanism as 1. Arbitration Rules and 2. Expediated Arbitration Rules. These days WIPO is promoting arbitration and mediation for resolution of IPR disputes. WIPO has maintained updated directory of arbitrators. WIPO and ICC also provide standard clauses and forms for arbitration. All this can be used for arbitration in India along with Indian legislations. Parties can select their panel of impartial arbitrators (odd numbers like 3,5 and so on) or a sole arbitrator to decide the trademark dispute. Procedure, time, venue, fees etc can be finalized by parties themselves. As per Arbitration and Conciliation Act, parties can take administrative assistance during the arbitration proceedings. An arbitrator is empowered to seek assistance from experts and from the court which is very useful in the case of trademark disputes.

Measures that bother the most:

⁸ An ICC report on specialized IP jurisdictions worldwide, ADJUDICATING INTELLECTUAL PROPERTY DISPUTES, available at: <https://iccwbo.org/content/uploads/sites/3/2016/04/ICC-report-on-Specialised-IP-Jurisdictions.pdf> (Accessed on 19 May 2020 at 10.30 pm)

- Evidence: Law has given more powers to the judges as compared to arbitrators for obtaining evidence regarding the existence and the importance of the infringement or passing off. But arbitrator can take assistance of court for getting and recording evidences.
- Investigation: in practice, arbitrators can order a party to produce information within a decided timeframe. Moreover, the confidentiality in arbitral proceedings offers the better circumstances for parties to produce any kind of information.
- Provisional or conservatory measures: Arbitrator can take all the measures like injunction or likewise, unless anything contrary to this is categorically stated in the arbitration agreement. Here also, arbitrator can take assistance of competent court.
- Damages: Because of confidentiality, calculation of actual damage and damages thereof can be better in arbitration as parties can disclose everything.

Arbitration of Trademark Disputes; Advantages and limitations

Advantages:

1. Parties can decide most of the aspects of dispute resolution like procedure etc.
2. Arbitration proceeding is less time consuming as compared to ordinary litigation process.
3. Trademark disputes involving infringement usually need non-monetary reliefs like injunction at earliest and if one follows the normal technical litigation process, taking these reliefs may also take so much time and if it happens so, the right holder will lose so much. But in case of arbitration, these injunction
4. Availability of IP experts as arbitrators and for assistance.
5. There is minimum damage to the parties and their commercial relationship.
6. Maintenance of confidentiality.
7. Single Procedure.
8. Certainty and Enforceability: These days, many Indian parties are registering and using their trademarks in more than one country. In such cases, if international dispute arises, it is very difficult to follow dispute resolution mechanisms

of different jurisdictions and laws. But if parties have arbitral agreement prior to dispute or even post dispute, they can resolve their dispute in single arbitration proceeding. Also, India is party to "New York Arbitration Convention" or the "New York Convention" along with more than 160 states/parties that applies to the recognition and enforcement of foreign arbitral awards and the referral by a court to arbitration.

9. Arbitration Award has a binding effect.

Limitations:

The fundamental requirement of Arbitration is "willingness of parties". In case of Trademark disputes or IP disputes this basic requirement is usually not present. In commercial sector, arbitration clause is often used in agreements but pre dispute arbitration agreement is not done by all the parties. Post dispute recourse of arbitration is really difficult.

Generally, mediation is done instead of arbitration as mediation has less technicalities and court usually refers disputes to mediation when it comes before it.

Indian court precedents are not crystal clear regarding arbitrability of IPR disputes and specifically trademark disputes. As discussed above, some precedents denote that the disputes related to infringement or passing off only could be entertained by arbitration. Many disputes arise at the level of registration and these disputes are generally with administrative authorities (registrar office) and hence arbitration is not available in those cases.

Conclusion:

In India, alternative dispute resolution mechanism needs strengthening. Resolution of trademark disputes through arbitration is possible when validity of the trademark is not in dispute and the dispute is restricted to dispute and/or right regarding enforcement, the dispute can be safely categorized as arbitrable.

Arbitration has many advantages over litigation process and arbitrator is equipped with almost all the powers that a judge has. Trademark is directly linked with a trade or commercial aspects along with goodwill and hence "confidentiality" and fast process of arbitration is a key feature that can be accessed by parties.

For Trademark disputes, in Indian context, institutional arbitration may also be very helpful. But for that, there is need for creation of specialized

mechanism and structure at national level like “specialized arbitration institution for IP disputes.”

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