# Senior User Versus Junior User: Delhi High Court Confirms Passing Off in a Trademark Dispute

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In a significant ruling, the Division Bench of the Delhi High Court in Wipro Enterprises (P) Ltd. v. Himalaya Wellness Co., vide order dated October 1, 2024, reaffirmed the rights of Himalaya, a senior user, in a passing off action against Wipro Enterprises. Himalaya uses the 'EVECARE' mark for its ayurvedic tablets and syrups for irregular menstrual cycles or dysmenorrhea for women, which was adopted in 1997 and has been used since at least 1998, while Wipro adopted an identical mark for an intimate wash for women in 2021.

## Prior user trumps registered marks in passing off disputes

The defendants based their defence on the claim that as the registered proprietors of the mark 'EVECARE' in Class 3 under Section 28(3) of the Trade Marks Act, 1999, cannot be subject to an infringement action unless their registration is invalidated. However, the plaintiff's case included not only trademark infringement but also passing off under Section 27(2) of the act, which remains unaffected by registration.

In common law, the tort of passing off is aimed at protecting a business's goodwill from misrepresentation during trade that may lead to damage. The key elements of passing off can be outlined and identified in three core components:

1. **Goodwill.** The plaintiff must prove that it owns goodwill in the business or product.
2. **Misrepresentation.** There must be a misrepresentation by the defendant, leading the public to believe that their goods or services are connected to the plaintiff's business.
3. **Damage**. The misrepresentation must cause or be likely to cause damage to the plaintiff's goodwill or business.

This framework aligns with the decision of the Supreme Court in *Laxmikant V. Patel v. Chetanbhai Shah*, where the court recognized these principles. confirming that no one is allowed to trade under the pretence of being associated with another business, thus reinforcing the common law principle against deceit. This classical trinity provides a clear foundation for determining cases of passing off,

aiming to prevent unfair competition and protect the legitimate interests of businesses. The court also reiterated the principle that passing off action is based on the rights of a prior user and the goodwill that has been built by them.

Registration does not guarantee an incontestable right and is subordinate to the rights of a prior user. The act prioritizes the rights of a prior user over those of a registered proprietor. Therefore, even if both the prior and subsequent users are registered proprietors, the examination focuses on who generated goodwill first and whether the subsequent user's actions cause misrepresentation, damage to the goodwill of the prior user. Statutory rights must defer to common law passing off rights. This is why prior user rights are considered superior to other rights, including registration rights.

## Complementarity in consumer perception

The defendant's second line of defence was that the products under the contested marks are distinct: that the defendant's product is a cosmetic wash, whereas the plaintiff's products are medicinal syrups and tablets for treating menstrual disorders. The defendant also highlighted the difference in trademark classifications – Class 3 for cosmetics and Class 5 for medicinal products. It was held by the Division Bench that allied and cognate goods do not necessarily have to have a physical relationship but are defined by consumer perception. Relying on a judgment by the UK Chancery Division, Pfizer L*td. v. Eurofood Link (U.K.) Ltd.,* the Division Bench emphasized that factors like product nature, method of use, and whether they compete or complement each other are more crucial in determining similarity. The use of an identical mark wherein both pertain to female reproductive hygiene/health would create an immediate connection that they originate from the same source. Finally, the court held that the classification of goods under Section 7 of the act is intended for registration purposes and is not the criterion for deciding the question of similarity in goods and services, as one may find goods of the same description, in one sense, in different classes, whereas find goods of different description in the same class. The Madras High Court, when faced with a similar situation, answered that determining if the plaintiff's product fits within a particular classification often requires closer examination and is a matter that may be settled only at trial.

The court further held that "allied" or "related goods" do not necessarily require a physical connection but rather a perceived connection in the minds of consumers. Protection extends to a trademark if the public could reasonably believe that goods from different sources are affiliated or connected.

## Discreet purchasers and brand protection

It is pertinent to note that in cases where the goods relate to sensitive areas of health or hygiene,

courts have recognized an added factor in the likelihood of confusion – the nature of "hush products." Such products, like those pertaining to menstrual and reproductive health, often involve a buyer hesitant to ask detailed questions, which can lead to assumptions about the source or origin. Due to societal norms, consumers may avoid openly discussing or questioning these goods before purchase. This hesitation can create a heightened risk of brand confusion, especially when two similar marks serve related functions or purposes.

The Court placed emphasis on the U.S. Court of Appeals' decision in Kotabs v. Kotex Co., further illustrating this point. In Kotabs, the court found that using a similar mark for related goods (sanitary pads versus menstrual pain tablets) could mislead consumers, as both products cater to the same personal need. Here, the court noted that even an "exceptional purchaser" might hesitate to make inquiries; ultimately, the confusion is amplified assuming both products come from the same source.

## Junior user's knowledge of senior user's mark – Evidence of bad faith

Admittedly, Wipro's adoption of an identical mark in a complementary female hygiene product is nearly 22 years after the launch of the Himalaya's mark.

The Division Bench of the Bombay High Court when faced with a similar situation observed that if a defendant has been using a mark without verifying whether it is registered to another party, it cannot complain about their use. The said decision was followed in the Jagdish Gopal case, wherein it was held that given the longevity of the plaintiff's mark, the defendant ought to have conducted a market search and search on the register. It is relevant to note that even the absence of an intention to deceive cannot come in the way of such injunction. Further, negligence in failing to check public records demonstrates a lack of due diligence. The Bombay High Court highlighted the necessity of being aware of existing trademark registrations to avoid potential infringement. Even if a challenge arises at a later stage, the defendant cannot rely on delay as a defence. This principle, affirmed by the court, underscores the importance of due diligence in the use of trademarks to prevent legal complications and ensure compliance with established rights.

The Division Bench also held that at a prima facie stage the defendant, being a junior user, carried the burden of providing a plausible justification in adopting an identical trademark for allied and cognate goods, which was not done.

## Key Takeaways

The defendant's state of mind holds no relevance in a passing off since while passing off is based on deceit, fraud is not a necessary element. Thus, it is imperative that the business owners conduct

thorough due diligence before adopting a mark including a thorough market survey, search on the trademark register across all classes, internet search, etc. The focus should also be on the likelihood of confusion that could be caused by the similarities in the products and the potential deception of consumers and not on the *class per se*.

Under Section 2(1)(zb) of the Trademarks Act, 1999 a trademark means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of the others. Thus, the trademark ought to be unique and distinguishable.

Additionally, the nature of products is also relevant to determining the likelihood of confusion. For instance, confusion in the case of medicinal products is not only inconvenient but dangerous. Similarly, in the case of hush products, the confusion is also likely to be greater, as was held by the Division Bench.

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