Delhi High Court Correlates FDI to Functioning of The Trade Marks Office

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The Trade Marks Office is a custodian of the rights of a proprietor and its sole purpose is to protect the rights of right holders. Globalisation necessitated the requirement of the Madrid Protocol as a common platform for protection of rights of a right holder across geographies.

One of the unique rules of the Madrid Protocol is the time limitation of 18 months in which the Trade Marks Office must object to any filing and in the absence of such objection, the trade mark is deemed to be registered. This provision was brought in only to bring in efficiency and consistency in the global trade mark filing. But the Trade Marks Office appears to have failed to do so in a recent matter. Recently the Trade Marks Office seems to have taken advantage of this provision in justifying its non-actions.

Bridgestone had filed an opposition in India against a third party within the optimum time to file the opposition and the Trade Marks Office had failed to communicate the filing of the opposition to the International Bureau, as a result of which the third party mark secured a registration. The Trade Marks Office instead provided the option of converting the opposition action into a cancellation action by indicating that its software did not allow it to convert a registration into an application which was challenged by way of an opposition.

Since this was completely against the Rules of Natural Justice, Bridgestone was constrained to approach the Hon'ble Delhi High Court.

The Hon'ble Delhi High Court recently passed a landmark judgment in a writ petition filed by Bridgestone.

The Hon'ble Delhi High Court, while passing an order setting aside the decision of the Trade Marks Office and restoring the oppositions, took strong cognisance of the fact that the actions such as this by the Trade Marks Office would be contrary to Foreign Direct Investment. Procedures cannot be a hindrance to the larger role of the Trade Marks Office.

The Hon'ble Court made critical observations on the impact this could have on valuable intellectual property. The Hon'ble Judge indicated that:

"...I can only hope that the present two cases are the only aberrations in the working of the Madrid Protocol. Such failure of the Office of the Registrar of Trade Marks not only would cause inconvenience and prejudice to the parties, but would also present India as a Nation in bad light to

the world. If the slogan of "Ease of doing business in India" is truly to be achieved, such act of negligence of the Respondent no. 1 is unpardonable.

A copy of this order be, therefore, forwarded to the Secretary, Ministry of Commerce and Industry, for issuing necessary instructions / directions to ensure that such aberrations do not occur in future as they would only bring ridicule to the Indian system and denude the faith of foreign investors and stake holders in India's capabilities..."

Intellectual Property not only encourages creativity and promotes innovation but also offers security to right owners to be capitalised upon when the business environment is optimum and also when it is uncertain. Impregnable intellectual property facilitates air-tight and innovative business models and studies show that intangible assets account for more than 90% of a company's valuation. There is a strong connection between longevity of a company and intellectual property which helps prevent business haemorrhage and also adds to the valuation of a company.

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