"NON – DISCRIMINATION IN INTERNATIONAL TRADEMARK PROTECTION: A CRITICAL STUDY OF NATIONAL TREATMENT AND MOST-FAVOURED-NATION TREATMENT UNDER TRIPS AND INDIAN LAW"

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ABSTRACT

The Non-discrimination principle is the basis of the global trademark system. This is embodied in the TRIPS Agreement through the principle of national treatment in Article 3 and most-favoured-nation treatment in Article 4. It also elaborates the Paris Convention, incorporated into Article 2.1, and Article 15(4) which prohibits refusing registration on the basis of the characteristics of the goods or services. This article examines the extent to which Indian trademark law fulfils these obligations and highlights areas where its application is at odds with them. It is argued that the Trade Marks Act 1999 is formally neutral as to the nationality of applicants and proprietors. The outstanding questions concern the substance: the treatment of well-known trademarks and their reputation in the transnational sphere; the practical treatment of foreign and local owners; and the interaction between domestic public interest regulations and the principle. The article begins with a description of the doctrinal basis of non-discrimination in the Paris Convention and TRIPS, including WTO case law on national treatment and MFN in the US – Section 211 Appropriations Act, and the limits of trademark rights in the plain packaging controversies. It then assesses the Indian legal framework and its judicial interpretation with a special focus on registration, well-known marks and the Supreme Court's recognition of transborder reputation. Finally, it considers whether any other differential treatment can be attributed to administrative procedures, evidentiary requirements or regulatory regimes and whether any such differences are compatible with Articles 3, 4 and 15(4). On the face of it, Indian legislation seems to be largely compliant

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with TRIPS, says the article. It defines areas of demarcation, particularly the identification of famous marks and the evidentiary standards required of foreign owners, where the compliance is dependent on uniform judicial and administrative enforcement. It offers suggestions for more precise legal instructions to bring India's trademark system in line with the non-discrimination commitments it has undertaken.

Keywords: *Non-discrimination; National treatment; Most-favoured-nation treatment; TRIPS Agreement; Trademark law; Well-known marks.*

I. INTRODUCTION

Trademarks are central to cross-border trade, and the rules on who may acquire and enforce them are therefore a matter of both private right and international economic law. The idea that a mark should be protected without regard to the nationality of its owner dates to the Paris Convention, and it was carried into the multilateral trading system through the TRIPS Agreement.[1] Article 3 of TRIPS requires each Member to accord nationals of other Members treatment no less favourable than it accords its own nationals, while Article 4 extends to the nationals of every Member any advantage granted to nationals of any other country.[2] Together, these provisions form the non-discrimination core of the Agreement, supplemented by Article 15(4), which provides that the nature of the goods or services to which a mark is applied shall in no case form an obstacle to registration.[3]

India, as an original WTO Member, is bound by these obligations, and the Trade Marks Act, 1999 was enacted partly to bring domestic law into line with TRIPS.[4] The Act extends registration and enforcement to proprietors irrespective of nationality, makes specific provision for well-known marks, and since India's accession to the Madrid Protocol in 2013 has operated

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[1] Paris Convention for the Protection of Industrial Property (adopted 20 March 1883, as revised at Stockholm 14 July 1967) 828 UNTS 305, art 2; Agreement on Trade-Related Aspects of Intellectual Property Rights (adopted 15 April 1994, entered into force 1 January 1995), Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 UNTS 299, art 2.1.

[2] Agreement on Trade-Related Aspects of Intellectual Property Rights (adopted 15 April 1994, entered into force 1 January 1995), Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 UNTS 299, arts 3–4.

[3] Agreement on Trade-Related Aspects of Intellectual Property Rights (adopted 15 April 1994, entered into force 1 January 1995), Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 UNTS 299, art 15(4).

[4] Trade Marks Act 1999 (India) (Act 47 of 1999); Jayashree Watal, *Intellectual Property Rights in the WTO and Developing Countries* (Oxford University Press 2001).

alongside an international filing system.[5] The Indian judiciary has also developed an approach to the protection of foreign marks that do not have an Indian registration, most notably through recognition of transborder reputation in passing off.[6]

Formal equality does not, however, guarantee equal treatment in practice. Discrimination in intellectual property can be de facto as well as de jure. The WTO Appellate Body has accepted that national treatment can be breached by measures that are neutral on their face but disadvantage foreign nationals in effect, as in US – Section 211, which concerned the treatment of marks connected with confiscated Cuban businesses.[7] Panels have also examined how Articles 3 and 4 interact with the substantive trademark rules in other disputes, including the European Communities' geographical indications regime.[8] More recently, the tobacco plain packaging disputes tested how far Members may restrict the use of marks for public-interest reasons without engaging their TRIPS obligations.[9]

These developments raise a question that Indian scholarship has not examined in sustained detail: does Indian trademark law, in text, interpretation and administration, fully meet the standard of non-discrimination that TRIPS requires? Existing commentary on TRIPS treats the national treatment and MFN provisions mainly at the level of general principle,[10] and Indian writing has tended to concentrate on enforcement, well-known marks, and parallel imports rather than on the non-discrimination framework as a whole.

A. Trademark Protection in India: The Multifactor Test, Borders and Global Priority

1. The statutory framework and the multifactor test

Trademark protection in India rests on three overlapping layers: registration under the Trade Marks Act, 1999, the common law of passing off preserved by the Act, and a special regime for

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[5] Trade Marks Act 1999 (India), ss 2(1)(zg), 11; Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (adopted 27 June 1989, entered into force 1 December 1995).
[6] *N R Dongre v Whirlpool Corporation* (1996) 5 SCC 714; *Toyota Jidosha Kabushiki Kaisha v Prius Auto Industries Ltd* (2018) 2 SCC 1.
[7] *United States – Section 211 Omnibus Appropriations Act of 1998* (Appellate Body Report) WT/DS176/AB/R (adopted 1 February 2002).
[8] *European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs* (Panel Report, Complaint by the United States) WT/DS174/R (adopted 20 April 2005).
[9] *Australia – Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging* (Panel Reports) WT/DS435/R, WT/DS441/R, WT/DS458/R, WT/DS467/R (circulated 28 June 2018).
[10] Daniel Gervais, *The TRIPS Agreement: Drafting History and Analysis* (4th edn, Sweet & Maxwell 2012); Carlos M Correa, *Trade Related Aspects of Intellectual Property Rights: A Commentary on the TRIPS Agreement* (Oxford University Press 2007).

well-known marks. Registration depends on the absence of absolute grounds of refusal, which turn mainly on distinctiveness, and of relative grounds, which turn on conflict with earlier marks.[11] The registered proprietor acquires an exclusive right to use the mark in respect of the relevant goods or services and can sue for infringement. The same legislation specifically preserves the right of the unregistered owner to sue for passing off, thereby providing protection for marks which are not registered in India.

Whether any of these rights has been violated is decided through a multifactor inquiry. The Supreme Court's decision in *Cadila Health Care v Cadila Pharmaceuticals* is the standard reference. It lists the nature of the marks, the degree of resemblance, the nature of the goods, the similarity in their character and performance, the class of purchasers, the mode of purchase and other surrounding circumstances.[12] The comparison is made on the overall impression the mark leaves on an average consumer of imperfect recollection, not by dissecting its elements.[13] The legislation applies the same likelihood-of-confusion test to infringement of registered trademarks, including confusion arising from association with the earlier mark.

There are two aspects of the test that are important for the theme of this article. The initial content is independent of the parties' nationality, in accordance with TRIPS. Second, the inquiry involves a great deal of factual information and the weight given to each factor, the evidence necessary to establish reputation and the assumptions about consumers are all for the court to decide. Discrimination may occur in the exercise of discretion, even when the rule is neutral. This is where the test under Articles 3 and 4 of the TRIPS can be most useful.

2. The global dimension: Convention priority

India is connected to the international trademark system through the right of priority. Under the Paris Convention, a person who has duly filed an application in one member country may, within six months in the case of trademarks, apply in other member countries and claim the date of the first filing.[14] TRIPS incorporates these provisions through Article 2.1. The Indian Act implements priority through the notion of a "convention country", declared by notification of the Central Government, and the provisions enabling a priority claim for applications filed within the

[11] Trade Marks Act 1999 (India) (n 4), ss 9, 11.
[12] *Cadila Health Care Ltd v Cadila Pharmaceuticals Ltd* (2001) 5 SCC 73.
[13] *Amritdhara Pharmacy v Satya Deo Gupta* AIR 1963 SC 449; *Parle Products (P) Ltd v J P&Co* (1972) 1 SCC 618.
[14] Paris Convention (n 1) arts 4A, 4C(1).

prescribed period.[15] India also provides a route for international registrations under the Madrid Protocol, which it joined in 2013. The Act contains a separate chapter on the protection of international registrations in which India is designated.[16] Such systems reduce the costs and complexities of rights protection across multiple jurisdictions. They also bring up a question of discrimination: preference is given on the basis of notification and reciprocity, and the power to notify convention countries must be exercised in conformity with the MFN obligation, ensuring that nationals of no WTO Member are excluded on any ground unrelated to the provisions of the Paris Convention. The rules on priority provide an answer to who is "first" if a domestic and a foreign applicant apply to register the same trademark. This will feed into the substantive competition between local and foreign owners discussed in Part D.

B. Non-Discrimination: National Treatment and MFN under GATT and TRIPS

1. Two layers of obligation

Two different sets of non-discrimination rules apply to trademarks in the WTO system, and they should not be confused. GATT 1994 governs trade in goods. Article I sets the general MFN rule for customs duties and charges and for all rules and formalities connected with importation, and Article III requires that imported products receive treatment no less favourable than like domestic products in respect of internal laws and regulations.[17] These provisions matter for trademark law whenever a rule affects the importation or sale of branded goods, as with border enforcement and labelling or packaging requirements.

TRIPS applies the same ideas to persons. Article 3 requires each Member to accord to the nationals of other Members treatment no less favourable than it accords to its own nationals with regard to the protection of intellectual property, and a footnote explains that "protection" includes matters affecting the availability, acquisition, scope, maintenance and enforcement of rights.[18] Article 4 requires that any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country be accorded immediately and unconditionally to the nationals of all other Members, with limited exceptions such as those derived from general judicial assistance agreements and from international agreements that pre-date the WTO.[19] These provisions build

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[15] Trade Marks Act 1999 (India) (n 4), ss 2(1)(e), 154.
[16] Trade Marks Act 1999 (India) (n 4), ch IVA, ss 36A–36G.
[17] General Agreement on Tariffs and Trade 1994 (adopted 15 April 1994), Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, 1867 UNTS 187, arts I, III.
[18] TRIPS (n 2) arts 3(1)–(2), 4–5.
[19] *Id.* art 4.

on Article 2 of the Paris Convention, which already required national treatment for industrial property and permitted exceptions only for judicial and administrative procedures, such as the designation of an address for service or the appointment of an agent.[20] Article 15(4) adds a related rule: the nature of the goods or services to which a mark is applied shall in no case form an obstacle to registration.

2. Substantive content of the obligations

The Agreement's drafting history and commentary stress that national treatment covers de facto as well as de jure discrimination: a rule that is neutral in terms but disadvantages foreign proprietors in effect can be inconsistent with Article 3.[21] The procedural exceptions are narrow. A Member may require foreign applicants to provide an address for service or appoint an agent only to the extent necessary to secure compliance with laws not inconsistent with TRIPS and where the practice is not applied in a manner that constitutes a disguised restriction on trade.

WTO adjudication has confirmed that these obligations apply in substance to trademarks. In *US – Section 211*, the Appellate Body examined a United States measure affecting the registration and enforcement of marks connected to confiscated businesses. It found that the measure was inconsistent with the national treatment and MFN obligations, because the rules operated differently depending on the nationality of the persons concerned.[22] This case exemplifies that a trademark rule may be in conflict with TRIPS even if it is worded in terms of the business's country of origin or the trademark itself, not the owner's nationality. It allows one to look at the seemingly neutral Indian regulations and practices that are actually problematic for foreign owners.

3. Relevance to India

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The Trade Marks Act provides registration and remedies to owners whether they are of Indian origin or not. The areas of potential conflict are not in the text of the law, but in the implementation of the system. There are three to be seen. First, procedural requirements for foreign owners, such as service addresses and proof of foreign use, must be consistent with exceptions in the Paris Convention and the TRIPS Agreement. Second, the convention-country mechanism should not serve as a basis for differential treatment between WTO Members.

[20] Paris Convention (n 1) art 2(1), (3).
[21] Gervais (n 10); Correa (n 10).
[22] *US – Section 211* (n 7).

Thirdly, the standard of proof required by courts and the Registrar in matters concerning reputation for both foreign and domestic owners should be the same. The two principles most evident in these risks are discussed in the following sections: depletion of trademark rights, and conflict between well-known foreign trademarks and domestic owners.

C. Honest Concurrent Use and Well-Known Foreign Marks against Local Holders

1. The statutory tools

The Act gives decision-makers several tools for resolving conflicts between a foreign mark and a local user. Section 12 allows the Registrar to permit registration of identical or similar marks by more than one proprietor in respect of the same or similar goods in the case of honest concurrent use or other special circumstances, subject to conditions the Registrar considers appropriate.[23] Section 34 protects a person who has continuously used a mark from a date prior to the proprietor's use or registration against the proprietor's attempt to restrain that use.[24] Against these, the Act offers well-known mark protection. A mark is well known if it has become so to the substantial segment of the public that uses the goods or services, and the Registrar must consider factors such as knowledge of the mark in the relevant public, the duration, extent and geographical area of its use and promotion, any registration, and its record of enforcement.[25] Importantly, the Registrar cannot require that the mark has been used or registered in India or is recognised by the general public in India as a condition for well-known status.

These conditions are the world standards concerning well-known brands. Article 6bis of the Paris Convention places an obligation on member states to refuse or invalidate the registration of trade marks which reproduce or imitate a well known mark and which are liable to cause confusion. TRIPS Article 16 extends the protection to services and, where use would indicate a connection with the owner and damage its interests, to dissimilar goods or services.[26]

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2. Territoriality, reputation and the courts

The case law shows how the courts reconcile the territorial nature of trademark rights with the global reach of well-known marks. In *N R Dongre v Whirlpool Corporation*, the Supreme Court upheld protection for the Whirlpool mark against a local user despite the foreign proprietor's

[23] Trade Marks Act 1999 (India) (n 4), s 12.
[24] Trade Marks Act 1999 (India) (n 4), s 34.
[25] Trade Marks Act 1999 (India) (n 4), ss 2(1)(zg), 11(6)–(9).
[26] *Paris Convention (n 1) art 6bis; TRIPS (n 2) art 16(2)–(3)*

limited Indian activity, recognising reputation that had crossed national borders.[27] In *Toyota Jidosha Kabushiki Kaisha v Prius Auto Industries*, the Court emphasised territoriality and held that the foreign proprietor had to show that its reputation in the mark had extended into India before the local user adopted it. Reputation abroad alone did not suffice, and the local user prevailed.[28] The Delhi High Court has also protected foreign well-known marks against local appropriation, as in *Daimler Benz v Hybo Hindustan*, where the use of a famous foreign mark on unrelated goods was restrained.[29]On the other side, the Supreme Court has held that a prior user's rights prevail over a later registrant, so that registration does not override the earlier user's goodwill.[30]

3. Is the balance non-discriminatory?

These powers are mutually protective. Collectively, they are mutually protective. In combination, they raise questions of consistency. The legal regime of well-known marks allows recognition of a foreign mark without prior use in India whereas the doctrine of passing off requires proof of reputation in the country. The two can be reconciled in that they serve different functions, the statute protecting the integrity of the mark and passing off protecting local goodwill. However, the result may vary depending on the cause of action chosen and a foreign owner may find that their standing depends on the framing of the claim.

The principle of non-discrimination in this area has three prerequisites. The same evidence should be required to prove reputation, whether the claimant is local or international. The principle of equitable adoption should apply to both domestic and foreign users so that a domestic adopter who is aware of the reputation of a foreign trademark is not treated with undue leniency merely because of its status as a local user. The fame of a mark should be established and publicised so that subsequent parties may rely on findings as to the fame of a mark.

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Genuine simultaneous use is a particularly effective way to resolve these conflicts, since it allows the co-existence instead of exclusion. Where both the domestic user and the international owner have bona fide established goodwill in the name, section 12 allows the Registrar to permit simultaneous registration, subject to conditions such as different presentation or restrictions on products or territories. The legislation offers little guidance as to what the standards for "honest"

[27] *N R Dongre v Whirlpool Corporation (n 6).*
[28] *Toyota Jidosha Kabushiki Kaisha v Prius Auto Industries Ltd (n 6).*
[29] *Daimler Benz AG v Hybo Hindustan AIR 1994 Del 239.*
[30] *S Syed Mohideen v P Sulochana Bai (2016) 2 SCC 683.*

concurrent use are, or how conditions should be expressed. More explicit standards would ease principled decision making and equal treatment of foreign and domestic entities.

E. Suggestions

1. Standardise the criteria for marks and reputation. Legislative changes or Registry guidelines should clarify the relationship between the requirement that Indian use is not necessary for well-known status and the Prius test of reputation in India, as well as the evidence requirements for each cause of action. The parties must be aware of the standard that is applied.

2. Draw well-founded conclusions. When a mark is recognised as well-known, the Registrar and the judiciary should provide justifications and ensure that such determinations are publicly available so that similar cases are treated consistently and parties can rely on previous decisions.

Make the "valid justifications" exception a separate provision.

3.Define rules for concurrent usage. The guidelines for the registry pursuant to section 12 shall provide criteria for integrity, geographical or product-based differentiation and conditions to avoid ambiguity and allow for coexistence under foreseeable circumstances.

4. Measure results. The Registry shall collect and publish information on oppositions, priority and significant results of marks by origin of applicants. This would make it possible to identify and correct any actual differential treatment and would give India a factual basis to respond to any complaints about its compliance with Articles 3 and 4.

CONCLUSION

Overall, the Indian trademark legislation appears to comply with the non-discrimination requirements of TRIPS. The Trade Marks Act, 1999 does not discriminate between the proprietors on the basis of nationality, its regime of exhaustion is neutral as to the origin and its rules for well-known marks are in accordance with the standards of the Paris Convention and TRIPS. The question posed by this article has been whether the system works in a way which guarantees fair treatment in practice.

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The answer depends on the context of application. The multifactor assessment allows for much discretion, the convention-priority system relies on notification, border enforcement may differ from judicial perceptions of legitimate transactions involving genuine products, and the relationship between statutory protection for well-known marks and the territorial reputation

requirement may lead to inconsistent results. None of those is a violation in and of itself, but each is a place where discrimination de facto can occur. Improved uniformity in evidentiary criteria, systematic instruction on exceptions, and clarity in the decision-making process would reduce that risk. This would allow India to preserve its policy autonomy on exhaustion and public-interest regulation, as protected by TRIPS, while satisfying the non-discrimination obligations that support its WTO membership.

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