
Bloomberg Finance LP versus Prafull Saklecha & Others

Recent court decision on trade name case for different business

Delhi High court upholds BLOOMBERG rights and restraint use of identical mark by over 20 companies owned by same Promoters/Directors

Bloomberg Finance LP versus Prafull Saklecha & Others

Bloomberg Finance LP (BFL) has brought suit for trade mark infringement and passing off against 36 parties alleging that they had incorporated 23 companies using the mark/name BLOOMBERG as their corporate name for different services. BFL upon becoming aware of the defendants' activities in January 2012 sent a cease and desist letter requesting that the defendants stop using the Bloomberg name as part of their corporate name. In addition it filed complaints with Registrar Of Companies against 23 companies alleging trade mark infringement and requested that they change the name.

BFL alleged that towards the end of July 2012, it came to the BFL's attention that one of the defendants Bloomberg Realty (India) Pvt. Ltd. was sponsoring a conference in the United States, and was referring to itself as being part of the Bloomberg Group. BFL brought an action for trademark infringement and cyber-squatting against Bloomberg Realty and obtained a temporary restraining order from the US District Court for the Southern District of New York. However, the defendant continued to use the Bloomberg name and mark in India, and even associated themselves with a Hindi feature film through Bloomberg Entertainment Private Limited. BFL believed that such an association with the media and film industry was detrimental to its reputation, as a film released by a 'Bloomberg' company was likely to mislead the public as to their involvement. Aggrieved by the Defendant's continued use, BFL filed the suit in ____ at the Delhi High Court.

BFL's contentions

Bloomberg Finance LP (BFL) in support of its case argued that it is a multi-national financial news corporation, established in 1982 in the United States. It also has an Indian subsidiary/associate company that was established in _____. BFL has been using the BLOOMBERG mark in over 100 countries for many years and in India since 1996. BFL relied upon its registration for BLOOMBERG mark in India in Classes 9, 16, 35, 36, 38, 41 and 42. Further, it relied upon its registration of over 1,000 domain names (including at least six domain names under the Indian country-code top-level domain) incorporating the BLOOMBERG mark. BFL submitted it had launched a television news channel under the name Bloomberg UTV in 2008, with a view to provide its mark with increased visibility among the Indian audience.

Bad Faith in adoption of BLOOMBERG mark

BFL while seeking preliminary injunction argued that the defendants openly stated on their websites and elsewhere that they aimed "to be one of the global business conglomerates", and

claimed in various proceedings to have a net worth of \$1 billion, when in reality the majority of the defendant companies have not conducted any real business;

- the defendants used the Bloomberg name unfairly for their own financial gains and tried to misappropriate the name in the United States and other jurisdictions;
- the defendants registered 'Bloomberg' as their trade name without the authorisation or consent of BFL;
- BLOOMBERG name and trademark was inspired by BFL's founder, Michael R Bloomberg, and the defendants had no justification for using the BLOOMBERG mark;
- the defendants' use of the BLOOMBERG mark aimed to divert the business of the plaintiff and irreparably damaged the reputation and goodwill of BFL;
- the defendants' use of BLOOMBERG without authorisation misled investors and the public; and
- the defendants' use of BLOOMBERG in connection with a Hindi film was detrimental to the reputation of BFL.

Defendants in their defence submitted

- the defendant's mark BLOOMBERG, which is a combination of the English words 'bloom' and 'berg', was being used in good faith;
- one of the defendant's company in real estate business changed its corporate name to include the word 'Bloomberg' since most of its building projects were named after flowers and were considered to stand "tall like the hills and mountains";
- The defendants are using the mark BLOOMBERG along with an artistic depiction of a "flower in bloom" in order to enhance the distinctiveness of its mark;
- the defendants have incurred a huge expenditure on advertisement and marketing in relation to their various business activities and acquired a reputation and goodwill in relation to the goods and services they offer;
- the mark BLOOMBERG of BFL is not known in India, and the goods and services offered by BFL, and the defendants were unrelated;
- the defendants were the prior, good-faith users of the mark in India; and
- the defendants have initiated cancellation proceedings before the Intellectual Property Appellate Board against the registration of the BLOOMBERG mark

Interim Orders during Pendency of the case

While the arguments were continuing the court passed an interim order on September 27 2012, restraining the defendants from:

- using the name Bloomberg in association with the film *Deewana Main Deewana*; and
- registering any new companies or domain names including the word 'Bloomberg'.

Settlement Proposal from the Defendants

During the course of further submissions, the defendants argued that their services differed from those of BFL and offered to provide an undertaking that:

- they would not enter into the film/televised news/financial data fields;

- they would use the mark BLOOMBERG only for their real estate business and would stop using all other corporate names including the word 'Bloomberg'; and
- They would issue a disclaimer stating that they are in no way associated with BFL's business.

BFL refused to accept such an undertaking, on the ground that the defendants' limited use of the BLOOMBERG mark for their real estate business would adversely affect the reputation and distinctive character of the BFL's mark.

Court's decision

While examining issues in hand, the court was of the view that there are two distinct situations in case where a mark has been copied and used as part of the corporate name/trading style by a third party:

- Where the business/goods and services of the infringer differ from those of the registered owner of the trademark, the latter can seek a remedy under Section 29(4) of the Trademarks Act, which requires the plaintiff to establish that:
 1. its mark has a reputation in India;
 2. its mark is used by the defendant without due cause; and
 3. Such use of the mark by the defendant takes unfair advantage of the plaintiff's mark and is detrimental to the distinctiveness and reputation of the plaintiff's mark.
- Where the business/goods and services of the infringer are the same as those of the registered owner of the trademark, Section 29(5) of the Trademarks Act would apply to use of a mark as part of corporate name and it will be a clear case of infringement and statutory provisions under this section will be attracted.

The court expressed the view that, although Section 29(5) specifically deals with situations where the infringement is by way of use of the trademark as part of the corporate/trade name of the infringer, it is limited to situations where the goods and services offered by the infringer are identical or similar to those of the registered proprietor of the trademark. Section 29(4) of Trademarks Act, on the other hand, does not refer to the use of the trademark as a corporate/trade name by the infringer. The court noted the absence of a specific requirement in Section 29(4), and considering the object and purpose of the provisions of Section 29 of Trademarks Act, the court concluded that Section 29(5), by itself, cannot be intended to be exhaustive of all the situations of use of a trademark as part of a corporate name. It held that, where both conditions under Section 29(5) are not met, the trademark proprietor has the option of seeking a remedy under Section 29(4), by showing that the mark has a reputation in India and there are no reasons for use by an infringer. Further such use by the infringer is detrimental to the reputation and distinctiveness of the registered mark.

According to the court, the documents and materials on record were sufficient to show that:

- the mark BLOOMBERG has been adopted by BFL, which has operations worldwide, and Bloomberg is a well-known brand name;
- the defendants' explanations for the adoption of the BLOOMBERG mark were not convincing;
- the fact that the defendants registered a number of companies under the name Bloomberg within a short period of time indicated that the defendants were trying to cash on the goodwill of BFL for their own financial benefits, by presenting themselves as being part of a large corporate

conglomerate, when in fact a number of the defendant companies were not conducting substantial business; and

- The association of the BFL's mark with the construction and real estate industry would be detrimental to the distinctive character of the mark, thus leading to its dilution.

In light of the above, the court confirmed the injunction issued in September 2012, and further expanded its scope by restraining the defendants from:

- using the word 'Bloomberg' as part of their corporate name;
- incorporating new companies or entities whose name includes words identical or deceptively similar to the plaintiff's mark;
- using the BLOOMBERG mark as a part of their trademark, corporate name, domain name, in advertising material or in any manner whatsoever, thereby passing off their goods and services or business as those of the BFL; and
- using the trademark and name Bloomberg in any manner whatsoever.

Our comment

The decision comes at an opportune time as the legal position on use of corporate name by third parties for different goods or services and applicability of Section 29(4) was not clear. In particular the two judges bench ruling in *Raymond Limited v Raymond Pharmaceuticals Pvt Ltd* (2010 (44) PTC 25 (Bom) (DB), the Bombay High court did not restraint use of mark as corporate name and seem to suggest that corporate name disputes must satisfy section 29(4) that is the goods and services offered by the infringer should be identical or similar to those of the registered proprietor of the trademark.

The Delhi High Court while distinguishing Bombay High Court (Division Bench's) decision in the Raymond case, took the view that "perhaps a factor that weighed in Raymond case was that the Defendant (Raymond Pharmaceuticals Pvt. Ltd.) was using the corporate name since 1983, however, the suit was filed in 2006. Thus delay played an important role in not granting a preliminary injunction. The court further observed that Bombay High Court was not called upon to examine whether the registered trademark enjoyed a reputation or if it had a distinctive character. For the above reasons, the decision in Raymond case cannot be said to be conclusive of the interpretation to be placed on Section 29(5) read with Section 29(4) of the TM Act, 1999".

The decision is likely to be appealed however in the meantime the ruling brings cheer amongst brand owners facing trade name issues in India.

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