
Reputation not bound by physical boundaries

In **Enterprise Holdings, Inc. Vs. Enterprise Auto Rentals** [CS(OS) No. 489/2013], the Delhi High Court confirmed its *ex-parte* interim injunction order restraining Enterprise Auto Rentals (EAR) from offering vehicle rental and leasing services under the trademark and trade name ENTERPRISE or ENTERPRIZE or any other deceptively similar mark. Interestingly, although Enterprise Holdings (EH) did not have any physical business presence in India, it was able to show the spill-over reputation of its mark in India through marketing activities and web presence.

Enterprise Holdings (EH) in its Complaint averred as follows:

- EH adopted the mark ENTERPRISE in 1969 in USA for car rental and leasing services as a tribute to the World War II ship USS Enterprise on which the founder served.
- EH provides car rental services under the mark ENTERPRISE is used in Canada, U.K., Ireland and Germany for many decades and expanded to France, Spain, Italy and Portugal.
- In 2008, EH had 1.1 million vehicles in its services.
- EH has been promoting and advertising the trademark ENTERPRISE in India since 2007.
- EH mark is enlisted with IATA (International Air Transport Association) which has around 4200 travel agents from India and uses its mark ENTERPRISE.
- EH's website received 545,477 hits during 2009 alone from Internet Services Providers based in India.
- People travelling from India have availed of EH services under the mark ENTERPRISE.
- EH's mark ENTERPRISE is registered in India in class 39 for vehicle rental and leasing services. Another application for the mark ENTERPRISE is pending registration. Also, the mark is registered for these services in many other countries.
- EH has sales revenue of US\$ 15.4 billion in the year 2012.
- EH's services under the mark ENTERPRISE have received various international awards.
- EH mark ENTERPRISE is well-known in India in view of trans-border reputation and directing marketing in India since 2007.
- Although it had put the EAR on notice of its rights in the mark ENTERPRISE by way of Cease & Desist notice, they did not stop using the marks ENTERPRISE/ ENTERPRIZE.
- The EAR partners were earlier working with its direct competitor in the same line of business of vehicle rental services. Thus they were fully aware of the existence of the EH and its reputation before commencing its services using the trade marks ENTERPRISE/ ENTERPRIZE.
- The EAR's adoption and use of the identical or substantially similar marks ENTERPRISE/ ENTERPRIZE, amounts to infringement of its registered trademark and passing off.

Enterprise Auto Rentals (EAR) in their reply argued that:

- The Court has no territorial jurisdiction to entertain and try the suit.
- The registration referred to by EH pertains to the mark E-ENTERPRISE and not ENTERPRISE.
- EAR has filed cancellation against the EH registration for E-ENTERPRISE which is presently pending.
- EAR started using the mark ENTERPRISE since 2010 and thus it is the prior user of the mark India.
- ENTERPRISE being a generic, dictionary and descriptive word cannot be monopolized as a trade mark by a single entrepreneur.
- In class 39, there are more than 6 applications and registered marks bearing the word ENTERPRISE on the Register.
- EAR is the honest and *bonafide* concurrent user of the mark ENTERPRISE for car rental services in India.
- It has acquired a reputation of its own in the market under the mark ENTERPRISE.

Enterprise Holdings (EH) in its rebuttal arguments mainly brought out the following:

- EAR offers services under the mark ENTERPRISE and ENTERPRIZE within the National Capital Territory region including Delhi. Thus the suit is not barred by jurisdiction.
- The word ENTERPRISE is dominant part of its registered mark "e ENTERPRISE" label in class 39.
- The fact that the EAR itself has sought to claim trademark rights in ENTERPRISE, it does not lie in their mouth to say that the word ENTERPRISE is a generic expression.
- It was denied that the EAR is prior user of the mark ENTERPRISE/ ENTERPRIZE. EH argued that the mark ENTERPRISE was first used by them in 1969. It also placed on record certain documents showing use of its mark in India starting from 2004.
- EAR has made contradictory claim of use in their cancellation petition by alleging use since many decades. Thus played a fraud on the Registrar of Trade Marks by giving a wrong date of use.

The Court while ruling in favour of Enterprise Holdings (EH) made the following key observations:

- It is admitted position that the essential feature of the mark ENTERPRISE is registered in favour of EH.
- Use of the word ENTERPRISE by others cannot be a defence available to EAR, if it could be shown that the same is being used in violation of the statutory rights of EH.

- As regards the EAR statement that the mark ENTERPRISE/ ENTERPRIZE is common to trade, no cogent evidence has been produced by them to show third party use. The Court observed that mere long list of applicants/ registrants of mark cannot dent the distinctive character or repute of the mark.
- The concept of passing off has undergone changes due to advent of technology and modernization. Local business presence is no longer an essential ingredient of a passing off action. Thus, in a case of passing off, the localized existence of goodwill and business in the territory specific can be excused if the substantial reputation (by virtue of advertisement in newspapers, media circulation, expatriate reputation, internet/ web presence and other relevant factors) has been proved which has some kind of nexus in the territory where the protection is sought.

This decision recognizes that social media and internet has changed the business landscape. The reputation of a business can travel without actual physical presence in India. However, mere reputation may not be sufficient; the party should be able to show that reputation has spilled over to reach consumers in India. Thus there is a connection with consumers in India

Vatika Towers
10th Floor Block-B
Sector-54
Gurgaon-122002
National Capital Region (Haryana)
India

Tel. +91 124 4655999
Fax. +91 124 4045047
Email info@indiaiprights.com

Copyright © Ranjan Narula Associates.