

INDIA

Delhi High Court Sets Out Strict Guidelines for Online Jurisdiction

In a November 23, 2009, decision on a trademark passing-off action by Banyan Tree Holding (BTH) against Mr. Murali Krishna Reddy, the Delhi High Court outlined strict guidelines for determining jurisdiction over online disputes (CS (OS) No. 894/2008).

BTH, one of the leading companies in the hotel industry, brought an action for passing off against Reddy for using the name “Banyan Tree Retreat.” While both the parties were located outside India, BTH invoked the Delhi High Court’s jurisdiction, as the defendant solicited business in Delhi through his website www.makprojects.com/banyantree.htm.

The matter was referred by the single judge to the division bench for its opinion to determine the basis of the court’s jurisdiction, given that there were two conflicting opinions on this issue. The division bench held that to establish jurisdiction, the plaintiff has to prove that the defendant has engaged in commercial activity by targeting its website specifically at customers within the forum court’s jurisdiction. Simply posting an advertisement on a passive website does not allow consumers to enter into commercial transactions, and so is not enough to invoke jurisdiction. Moreover, the court maintained that it was important for the plaintiff to show that “specific targeting” of the forum state by the defendant caused “damage/

inconvenience” to the plaintiff.

Interestingly, the division bench also looked into “trap orders” or “trap transactions” made through a party’s online presence and examined to what extent they can form the basis for filing an action. While the court allowed the plaintiff to establish a prima facie case through trap orders, it clarified that such evidence should be obtained by using fair means, and that a solitary transaction was not sufficient.

Over the past decade, IP owners and practitioners have always preferred to litigate before the Delhi High Court, on account of its IP-savvy image. This decision comes at a time when it had become a common practice to invoke the Delhi Court’s jurisdiction in reliance on the mere accessibility of a website and/or interactive webpages from the forum state. The precise guidelines now offered by the court should certainly be noted by IP holders and should also help other courts in India become equally adept in IP litigations.

Source: Delhi High Court website (<http://delhihighcourt.nic.in/>)

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NETHERLANDS

Supreme Court Refers Questions on Use of Trademarks for Export to ECJ

On February 19, 2010, the Supreme Court of the Netherlands (Hoge Raad) referred questions to the European Court of Justice for a preliminary ruling regarding the concept of trademark use under the European Trade Marks Directive (Council Directive 89/104/EEC, Dec. 21, 1988) in a dispute between Red Bull and Winters, a company specializing in filling tins with liquids (Case No. LJN: BK4739, Hoge Raad, 08/01901, *available at* www.boek9.nl/index.php?/Vragen+over+afvullen////24923/ (in Dutch)).

Winters was instructed by Smart Drinks, an energy drinks manufacturer and a rival of Red Bull’s, to fill cans with soft drinks. Smart Drinks provided Winters with the cans, preprinted with marks such as BULLFIGHTER and PITTBULL, and the extract of the energy drink. Winters filled the cans with the extract, water and carbon dioxide in accordance with the instructions of Smart Drinks and then delivered the filled cans to Smart Drinks, which then exported them to countries outside the Benelux territory. Winters had thus only rendered “filling up” services for Smart Drinks. In the appeal proceedings, Winters argued that all of Red Bull’s claims should be rejected, as it had not used the alleged infringing marks. The Court of Appeals of Hertogenbosch held that although the filling of cans did not amount to the affixing of the mark to the cans (as these were delivered to Winters preprinted), it did qualify as trademark use as in fact it resulted in the affixing of the mark (s) to the goods themselves, namely the drinks. According to Article 5 of the Euro-

pean Trade Marks Directive, the mere affixing of a mark constitutes trademark use.

Winters appealed to the Supreme Court, which had doubts as to whether the mere filling up of cans bearing a mark qualifies as use of that mark in the course of trade. If the answer should be affirmative, the question is whether the use of the mark can be prohibited in the Benelux if the products which bear that mark are intended for export to countries outside (a) Benelux or (b) the European Union and such products cannot be perceived by the public within Benelux and/or the European Union. Furthermore, the question is, which standard should then be applied when assessing likelihood of confusion: the perception of the consumer in the Benelux territory or the European Union, respectively, or another standard that should be adopted in this respect—for example, the perception of the consumer of the country to which the products are exported?

The judgment of the Court of Justice could have far-reaching consequences for so-called export marks. By specifying that the affixing of a mark constitutes trademark use, the European Trade-marks Directive seems to acknowledge that such marks are protectable in the country of origin.

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