

ASUS RESTRAINED FROM USING ITS ZEN AND ZENFONE MARKS BY THE DELHI HIGH COURT

On June 4, 2019 the Delhi High Court, through the single judge bench of Justice Manmohan, passed a judgement restraining Asus Technology Private Limited & ors. from selling and advertising mobile phones, accessories and any other related products under the trademark ZEN, ZENFONE or any other deceptively similar trademark.

A suit for passing off and infringement was filed by Telecare Network India Private Limited contending that they are the registered proprietor of the trademarks ZEN and ZENMOBILE and are the prior user of the same and had been continuously and extensively using the afore-mentioned marks for feature phones, smart phones, tablets and accessories since 2008. The case of the Plaintiff was that the Defendant had subsequently adopted the mark ZENFONE, which was identical to the marks of the Plaintiff. Further, the marks had been adopted by the Defendant for identical goods being offered within a similar price range which were targeting the same class of customers as the Plaintiff.

The Defendant, in his defence, submitted that the mark ZENFONE had been adopted as a consequence of Mr. Jonney Shih, who spearheaded the Defendant, being a staunch believer of the 'Zen Philosophy'. The Defendant further contended that the Plaintiff's marks being label/ device marks and not word mark, the Plaintiff were disentitled from claiming monopoly/ exclusivity over a part of the label/ device by virtue of Section 17(2) of the Trade Marks Act, 1999. The Defendant also argued that the mark ZEN was common to trade and generic in nature and there were various third party manufacturers who had got the mark ZEN registered. The Defendant further brought to the notice of the Court the Response to Examination Report submitted by the Plaintiff wherein the Plaintiff had submitted that the mark ZEN was generic in nature and is an approach to religion, arising from Buddhism and no one party could claim exclusivity over the same. The Defendant alleged that the same was suppressed and misrepresented by the Plaintiff.

After analysing the merits of the case, the Court observed *that even though ZEN is a generic word qua a school of Buddhism, yet it is not a generic mark with regard to mobile phones* stating the term 'generic' refers to the 'genus' to which a particular product or service is a species of. Further, the court was of the view that mere filing of a search report from the Trade Mark Office does not prove that the mark mentioned in the search report is actually being used by third parties. The Court opined that the *Defendants having themselves applied for the registration of the mark ZENFONE on a proposed to be*

used basis, cannot be permitted to approbate and reprobate. Consequently, the Court suggested that the Defendants are estopped from contending that the mark ZEN is common to trade or generic.

With respect to the reply to the examination report which was submitted by the Plaintiff, the Court clarified that *once a mark is registered, the certificate of registration has to be seen as it is and post grant of registration neither the examination report nor the reply to the same are relevant documents.* Further, the court asserted that merely because the Plaintiff at the stage of seeking registration took a stand as aforesaid, the same cannot stop the Plaintiff from exercising its statutory and natural rights. In other words, ***there is no estoppel against statute.***

The Court was also of the view that there was no misrepresentation or suppression by the Plaintiff that the registered mark ZEN and ZENMOBILE are label/ device marks as the Plaintiff had placed on record the Registration Certificates and the Plaintiff had not suppressed its reply to examination report as the same was available in the public domain. Further, the court remarked that a subsequent user cannot take shelter under Section 17(2) and argue that the statute permits it to commit passing off.

Examining the merits of the case, the Court noted that the Plaintiff was the prior user of the marks and has expended considerable large sums of money in promotion of its products. Therefore, the Court concluded that the Defendants had adopted the mark in bad faith. Further, in the opinion of this Court, *the triple identity test was satisfied as the Defendants had made use of a deceptively similar/identical trademark(ZENFONE) in relation to identical goods (mobile phones) having identical trade channels which would lead to likelihood of confusion and damage to the Plaintiff's goodwill.* Thus, the test of passing off was satisfied, thereby, restraining the Defendants from using the impugned marks ZEN, ZENFONE and/ or any other trademark is identical and/ or deceptively similar to the trademarks ZEN and ZENMOBILE in any manner whatsoever. The matter has been listed before the regular roster bench on July 10, 2019.

The object of the trademark law is to prevent injury to the goodwill and reputation of the enterprise which owns the trademark; as well as ensuring that consumers are not misled as to product, services and their sources. With the increasing competition in the market there has been a surge in the trademark wars between proprietors with the drawback that the trademarks are being used to limit competition in the manufacture and sales of products thereby leading to the dilution of marks. Marks help buyers to identify their source and assure them of constancy of quality from a particular producer. The essence of trademark has always been that it is 'a badge of origin'. The intricate reasonings given by this Court under this judgement, would act as a deterrence for the dishonest and

fraudulent trademark users from adopting deceptively similar marks and mala fide acquiring registration of the same through baseless contentions and arguments.

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