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# EDITORIAL NOTE

Intellectual Property is the key driver to propel the economic growth of a nation. Hence, understanding IP gains utmost significance not only from a business point of view but also from a socio-economic perspective. We as nationals of any country should be vigilant in protecting and defending our IP rights. However, there are multiple issues and challenges that need discussions, and reforms. The IP Press Law Review (IPPLR) is an initiative of The IP Press to extend our objectives of spreading awareness on the issues concerning intellectual property rights and related laws. It aims to promote study and research in the field of intellectual property laws in the form of academic literature. This issue reflects some of the key concerns of the Intellectual property regime both under national and international parlance. It is envisioned to embody some of the most brainstorming insights that help readers to grasp the discourse around contemporary developments in the field of Intellectual Property Law. Throughout the year, the editorial board has reviewed the papers with multiple rounds of editing to ensure quality and standard.

This issue presents intriguing issues and challenges pertaining to intellectual property law in the national as well as the international regime. The first paper encapsulates the protection of personality rights under Intellectual property laws and briefly presents the status of multiple jurisdictions. The second paper discusses a pertinent issue of protection of fictional characters that have been a cause of concern in many disputes. The author discusses the theoretical framework and analyses various tests laid down by the judiciary.

The third paper explores religion as a subject and object of the trademark. The author determines the legality of the trademark of religious symbols for private companies and religious organisations. The fourth paper presents a policy discussion on the overlap between trademark and functionality doctrine. The fifth submission deals with the congruence of intellectual property assets in combination and corporate restructuring wherein the author states that IP has immense power to help businesses to grow and hence its valuation becomes an important aspect of commercialization of IP. The sixth paper demonstrates how open-ended section 57 of the Copyright Act, 1957 is which leads to ambiguity. The author asserts reforms in the current provision of moral rights. The seventh paper discusses the recent dissolution of the intellectual property appellate board in the backdrop of the Tribunal Reform Bill, 2021. The eighth paper discusses the relevance of IP Due diligence and suggests quarterly checks and steps carry out the due diligence process to combat the closing down of businesses and lifelong losses. The ninth paper presents analyses of the patent denials in the biotechnology sector and their impact on the industry. The tenth paper presents an interesting analysis of trademarkability of non-conventional trademarks due to hindrances of graphical representation and discusses multiple judgements of the European courts. The last two items present an analysis of two landmark cases, one Monsanto case and two, Phonpe v. Bharatpe trademark tussle.

Happy reading!

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## A CRITICAL NOTE ON THE DELHI HIGH COURT'S RULING IN THE PHONEPE VERSUS BHARATPE TRADEMARK TUSSLE.

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*Ritwik Guha Mustafi\**

### 1. INTRODUCTION

A trademark implies a lawfully secured word, mark, symbol, color, abstract, etc. Trademarks are an asset to competing firms and other organizations since they are a source of visibility, goodwill, and reputation. They are a significant aspect of product differentiation and consumer loyalty towards a brand. Additionally, trademarks are of strategic importance to any brand since a validly registered trademark accords legal protection against duplication of the concerned brand's products or services.

Section 28 of the Trademarks Act, 1999 (hereinafter 'The Act') provides that a registered trademark gives its proprietor exclusive rights to use the mark and other related benefits. Section 29 (1) of the Act provides that a registered trademark may be infringed by using an identical or deceptively similar mark by an unauthorized user.<sup>1</sup>

Trademark infringement and passing off due to dishonest intention to earn profits by copying a well-known brand's name have been contentious. Passing off is a common law concept used to protect unregistered trademarks. This is a general occurrence when a product is deceptively similar to the plaintiff's, i.e., passing off as something else, thereby confusing the consumers.<sup>2</sup>

Indian courts have given a plethora of judgments, laying down guidelines for determining the circumstances for trademark infringement. The 'anti-dissection rule' and the 'dominant mark rule' are the two major rules that received a lot of interpretations through past judgments.

In April 2021, the Delhi High Court adjudged the case of *PhonePe Private Limited v/s Ezy Services and Anr.* and referred to the two rules mentioned above and the interpretation therein.

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<sup>1</sup>Parul Malik, 'Difference between Passing Off and Infringement of Trademark' (*Mondaq*, 10 March 2020) <<https://www.mondaq.com/india/trademark/902156/difference-between-passing-off-and-infringement-of-the-trade-mark> > accessed 18 July 2021.

<sup>2</sup>Sneha Kolluru, 'Passing Off and Infringement under Trademark' (*Law Times Journal*, 2 July 2020) <<https://lawtimesjournal.in/passing-off-and-infringement-under-trademark/> > accessed 18 July 2021.

The Court was seemingly reasonable in its ruling in a few parts of its judgment, but its mandate was highly contentious regarding some other points.

This note examines the aforementioned case's different aspects in detail. It provides a critical analysis of the case's judgment that is pertinent for understanding the validity of the High Court's ruling.

It can be hypothesized that while adjudging a case of trademark infringement and passing off, all the relevant tests have to be considered and applied justly and proportionately to avoid any confusion and legal loopholes.

#### A. Facts of the case

Following are the brief facts of the case<sup>3</sup>:-

Both the plaintiff (PhonePe) and the defendant (BharatPe) are online payment service providers. The plaintiff alleged that the defendants' mark infringes the plaintiff's registered trademark and amounts to passing off by the defendants. The plaintiff and the defendant are online payment service providers; the former's services are available to all those who download the app. The latter's services are exclusively meant for merchants.

Thus, the plaintiff sought a permanent injunction against such usage.

#### B. Issue

Has there been a trademark infringement and passing off of the plaintiff's trademark by the defendant?

#### C. Plaintiff's contentions – Following are the brief contentions of the plaintiff<sup>4</sup>:-

- The word 'Pe' is an essential and dominant part of the plaintiff's trademark, of which the plaintiff has been a prior user since 2015.

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<sup>3</sup>*PhonePe Private Limited v/s Ezy Services and Anr.* [2019], CS (COMM) 292/2019 available at <<https://indiankanoon.org/doc/17509216/>> accessed 18 July 2021.

<sup>4</sup>Devangini Rai, 'PhonePe v. BharatPe: Whether Vernacular Wordplay can save from being labeled as generic' (*SpicyIp*, 1 June 2021) <<https://spicyip.com/2021/06/phone-pe-v-bharat-pe-whether-vernacular-wordplay-can-save-from-being-labelled-generic.html>> accessed 19 July 2021.



- The word 'Pe' has no etymological connotation, and when used along with the word 'Phone,' it forms an essential and dominant part of the plaintiff's trademark.
- The defendant's mark also has 'Pe' as the dominant mark used in the public domain.
- The defendant's mark provides the same services as that of the plaintiff and thus, can confuse the consumers.
- The plaintiff uses the suffix 'Pe' in its mark, and both the plaintiff and the defendant provide similar services. Therefore, the defendants' usage of the suffix 'Pe' can be reasonably apprehended to create an impression of association or nexus with the plaintiff's services in the minds of an average consumer with an imperfect recollection.

D. Defendant's contentions – Following are the grounds on which defendants based their case<sup>5</sup>:-

- They have been using the mark 'BharatPe' since 2018.
- By the time the defendants applied for the mark's registration, it had achieved considerable goodwill and was well-established.
- The mark 'BharatPe' is highly fanciful and inherently distinctive of goods and services provided.
- As per the rule laid down in previous judicial pronouncements in India, the contesting marks have to be compared as a whole, and therefore, the plaintiff's contention regarding passing off due to the mere use of the suffix 'Pe' is not valid.
- The marks are distinguishable concerning their patterns and words and cannot confuse an average consumer.

E. Delhi High Court's observations and the *ratio decidendi* of the Court –

Following are the Delhi High Court's observations and rationale<sup>6</sup>:-

- According to the 'anti-dissection rule' and Sections 17 (1) and 17(2) of The Act, the disputed marks are to be considered whole, and their components cannot be isolated from each other. Thus, viewing the two disputing marks as a whole, both are composite. The

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<sup>5</sup>*PhonePe Private Limited* (n3).

<sup>6</sup>Yashvardhan Ranat, 'Explained: PhonePe v. BharatPe Trademark Dispute – "Pe"/Pay-as-you-go' (*SCC Online*, 19 May 2021) <<https://www.sconline.com/blog/post/2021/05/19/explained-phonepe-v-bharatpe-trade-mark-dispute-pe-pay-as-you-go/>> accessed 19 July 2021.

plaintiff's claim of exclusivity over the suffix 'Pe' cannot be entertained since it connotes as 'Pay' and is descriptive to the nature of the plaintiff's business.

- According to the 'dominant mark rule,' the suffix 'Pe,' when seen as a whole with other parts of the two marks, constitutes an essential part of the marks since the alphabet 'P' is in block letters and is prominently highlighted in both marks.
- Barring the common "Pe" suffix, it cannot be said that the "PhonePe" trademark of the plaintiff and the "BharatPe" trademark of the defendant is confusingly or deceptively similar. 'Phone' and 'Bharat' are not deceptively similar, phonetically or otherwise. The infringement of the dominant part of the trademark may constitute an infringement. The suffix 'Pe' in the marks is descriptive, and for making a case of infringement, the plaintiff has to prove that the aforementioned suffix has acquired distinctiveness and secondary meaning.
- The nature of services provided by the plaintiff and the defendants is also different. The plaintiff offers a plaintiff online payment portal. On the contrary, the defendants provide a single QR code, based on which the customer could work with all UPI-based applications, including the "PhonePe" application of the plaintiff. To know the difference, consumers who deal with such applications may be expected, prima facie. Therefore, no prima facie case of passing off can be said to exist, even on this ground.
- The grant of interim injunction is denied, and the application is dismissed.

## **2. EXAMINING THE DELHI HIGH COURT'S JUDGMENT: A CRITICAL ANALYSIS**

It is submitted that the fact that the Court found the suffix 'Pe' as a deliberate misspelling of a descriptive word and held it to be the dominant part of the marks due to the capital letter 'P' is incorrect and diverges from the stand taken by Indian Judiciary in the past regarding the 'dominant mark rule.'

Indian Courts had utilized the dominant mark rule to safeguard parts of a trademark only when such parts were adopted arbitrarily, were part of a family of marks, or where the parts were a unique combination having no recognized meaning.<sup>7</sup>

In the present case, the Delhi High Court relied highly on the *Marico v. Agrotech*<sup>8</sup> for the line of reasoning that getting a minor modification of a descriptive word registered as a trademark cannot prevent the use of its purely descriptive version from being used as a trademark. Using the same line of reason, the High Court opined, in the present case, that tweaking a descriptive word's spelling will not provide exclusivity over its use.

However, the Court seems to have focused more on the Hindi translation of 'Pe,' which means 'On' [a Hindi-language preposition]. It is submitted that the word 'Pe' is merely an intelligent wordplay. It coincidentally rhymes with the English word 'Pay.' Therefore, it provides an idea about the online payment service provided by the plaintiff.

In the case of *South India Beverages (P) Ltd. v. General Mills Mktg. Inc.*, the 'dominant mark rule' was examined. Following were the observations of the Delhi High Court in the said case<sup>9</sup>:-

"Though it bears no reiteration that while a mark is to be considered in entirety, yet it is permissible to accord more or less importance or "dominance" to a particular portion or element of a mark in cases of composite marks. Thus, a particular element of a composite mark that enjoys greater prominence vis-à-vis other constituent elements may be termed as a "dominant mark." The principles of "anti-dissection" and identification of "dominant mark" are not antithetical to one another, and if viewed in a holistic perspective, the said principles rather complement each other."

In the present case, the word '*Pe*' provides an idea about the nature of the plaintiff's service and accords creativity and arbitrariness to the plaintiff's mark. The word 'Phone' is a generic term,

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<sup>7</sup>Abhinav Hansaraman, 'Pay/'Pe' Charcha: Delhi High Court's decision in PhonePe v. BharatPe Trademark Dispute' (*SpicyIp*, 8 May 2021) <<https://spicyip.com/2021/05/pay-pe-charcha-delhi-high-courts-decision-in-phonepe-v-bharatpe.html>> accessed 20 July 2021.

<sup>8</sup>*Marico Limited v/s Agro Tech Foods Limited*, FAO (OS) No. 352/2010 available at <<https://indiankanoon.org/doc/39264970/>> accessed 19 July 2021.

<sup>9</sup>Ranat (n6).

and since the suffix, 'Pe' is instrumental in granting creativity to the entire mark, it is submitted that the suffix 'Pe' should be considered the dominant part of the mark. Additionally, it must be noted that the suffix 'Pe' has been accorded prominence in the plaintiff's logo.

With regards to the Court's observation on the different nature of services of the parties, it is submitted that both brands are competing in UPI online platforms and that in the *Amritdhara Pharmacy v. Satya Deo Gupta*<sup>10</sup> case, wherein 'AMRITDHARA' and 'LAKSHMANDHARA' were the two contending marks, the Supreme Court of India had held that deceptive similarity of marks has to be seen through an 'ordinary buyer's perspective.' In the said case, the Court had relied upon the phonetic similarity between the two words to determine whether or not the case entailed an occurrence of passing off.<sup>11</sup>

In this case, the Court seems to have ruled on perspective on the immunity from confusion amongst 'sophisticated consumers.' No regard has been given to the fact that the prospective users of the brands may as well be 'ordinary and less tech-savvy consumers.'

### 3. CONCLUSION

The ruling of the High Court in the present case is partly correct, especially concerning the 'anti-dissection rule.' The Court beautifully upheld and enumerated the basic tenets of the 'anti-dissection rule' and examined its application in the present case.

However, the High Court did not consider the basic tenets of the 'dominant mark rule' as was laid down in the South India Beverages case and did not apply the said test in a correct sense in the present case.

The Court correctly observed the subtle differences between the online payment services of the plaintiff and defendant; however, the Court seemingly ignored the factum that the differences were so subtle that it might be inconsequential to the less tech-savvy and illiterate merchants and other consumers.

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<sup>10</sup> *Amritdhara Pharmacy v. Satyadeo Gupta* [1962], 1963 AIR 449 available at <<https://indiankanoon.org/doc/368264/>> accessed 20 July 2021.

<sup>11</sup> *ibid.*

It is suggested that the Delhi High Court may, keeping in view all the previous relevant Indian judicial pronouncements and the ratio therein regarding trademark infringement and passing off, indicate the need for a comprehensive provision to be inserted in the Trademarks Act 1999. It will serve as a concrete and uniform base for upcoming passing-off cases. To conclude, the Court's ruling needs to be revisited and rectified in specific significant points to not cause any future confusion in the Indian laws regarding trademark infringement and passing off.