CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

SCHEME OF CHAPTER

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Intellectual Property Rights though inevitably has an international dimension cannot overlook the national dimension. While it appears that the development of the Intellectual Property Laws is more on the international front, the fact remains that the tools provided for the enforcement of intellectual property rights are national by nature. Globalization and commercialization of intellectual property activities have created multiple challenges. The process of globalization has not only paved way for evolution of international norms but has also changed the face of the law protecting intellectual property. Infringement in case of Intellectual property are frequently connected to more than one State, either because the infringer or the right holder is located abroad or because the infringement has been committed in a different State. In these situations, to file a complaint, it is essential to determine which courts have jurisdiction over the case. The rules that determine court’s authority to deal with the case are known as jurisdictional rules. Jurisdictional rules are never decisive on the merits of the case. However, such rules provides for where to look for the decisions. Jurisdictional rules provides for the nexus between the state, activity and the person involved in any litigation.

Jurisdiction is the gateway for any grievance to enter the portals of the dispute settlement fora and be transformed into litigation. The term jurisdiction is described as well as understood in various ways. However, the common understanding in absence of any precise definition prescribes jurisdiction to be power, authority or competence of any court to entertain the matter placed before it. Each country specifically provides for rule of jurisdiction under its legal framework which plays a pivotal role in effective and efficient litigation management.

The traditional rules of jurisdiction were sufficient to deal with the disputes taking place within the territorial limits of its jurisdiction. However, this situation has undergone a drastic change post globalization. The jurisdictional issues in trademark litigation are becoming challenging with the onset of globalization and rising multiplicity of players in international commercial field. Trademark being an important tool of revenue generation crosses territorial borders easily in the era of globalization. Thus, in the global trade and digital communication age the use of trademark is no more territorially confined. With the advent of internet, the World Wide Web has opened the door to a unique world which is ‘non-existently existent’. However, the principle of territoriality has remained almost
constant even in this age of internet. In this world every activity that takes place is at par with the physical world. Considering the commercial potential available in this world trademark is being used in various forms. This naturally leads to disputes regarding trademark infringement and passing off. The major challenge being faced by the law of trademark in India is twofold i.e. applicability of Trade Marks Act, 1999 over the internet disputes and secondly determining jurisdiction of court to adjudicate disputes between parties transacting on the internet.

Within the municipal law of a state the issue of jurisdiction can be settled when it arises within the territorial limits of the country in accordance with the particular trademark statute or with the help of municipal procedural law. At the international arena, with multiple players in the field there are no specific guidelines except those available at the World Intellectual Property Organisation. (WIPO) and principles of private international law. Failure of such specific guidelines leads to complex situations where determining jurisdiction becomes challenging for any country.

7.1 Summation of Chapters:

The present research work examined various aspects of jurisdictional issues in trademark violations in post TRIPS era in India. A concise summary of the research at each stage of study is briefly summarized below:

The introduction to this study traces the genesis of the problem and details out the hypothesis, objective & significant of the present work.

At the outset in Chapter 1 the research work has been conceptually and theoretically rooted. Conceptual analysis is required to study a new and emerging phenomena and providing it with contours of investigation. This further helps to focus on different aspects of the problem and reduce the complexity of the subject. In this manner a focused understanding of the issue can be achieved.

The term ‘Jurisdiction’ which is always one of the most important questions of law is nowhere defined under any stature. The procedural law i.e. the Code of Civil Procedure is also silent on it. However in simple terms Jurisdiction means the power to hear and determine a case.
The ever-escalating importance of trademark in international and domestic commerce is remarkable. It is an axiomatic principle of Law that trademarks and the rules governing trademark cannot be detached from territoriality. Commercialization and infringement of intellectual property in true sense have become multi territorial.

**Chapter 1** deals with the conceptual analysis of the notion of jurisdiction as it exists in the present legal framework. Jurisdiction is a notion which is the core of any litigation. In order to examine and understand the core issue of research, scope of jurisdictional powers of various judicial authorities under different legislation is assessed. Further the legal framework for protection of trademark as intellectual property is analyzed at length. For disputes arising within the boundaries of a country, it is national law that will determine which court is competent to decide an IP dispute. In cases of cross-border litigation, the situation is more complicated.

The impact of Jurisdictional problems is not limited to a particular branch of Law. It affects the very foundation of the frame work of the substantive and procedural laws. Consequently the jurisdictional challenges in today’s age of fast communication, has invited various view points for its resolution including significant changes in the existing legal framework. Internet being one of the most significant changes in the field of information technology requires a more than mere adjustment in the law governing it. One cannot overlook the requirement of appropriate changes in the law. Failure to do so would lead to new complex legal issues. Complex legal issues like jurisdictional issues that call for appropriate solutions require right approach of academicians, judiciary and legislator for suggesting the potential range of solution. The solutions should not prove to be a counter-productive opening path for further conflicts and confusions. To arrive at such conclusion one has to go beyond the formal legal reasoning that requires inductive and deductive reasoning by relying on precedents, legal principles and statutes. This may not be appropriate to keep pace with technological changes that are taking place rapidly.

In **Chapter 2** various international instruments establishing a system for international protection of trademark are elaborately discussed. Over a course of history various multilateral conventions and treaties have immerged for the protection of trade mark. The main purposes of these international instruments affecting trademarks are better protection
of rights for various types of marks, harmonization of laws and efficient system for multilateral filing for global protection.

In this backdrop the current chapter makes an attempt to analyse multilateral treaties and agreements such as the Paris Convention, the Madrid Agreement and the Madrid Protocol, TRIPS, the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks, the Trademark Law Treaty, the Nice Agreement on International Classification, and the Singapore Treaty on the Law of Trademarks which are international instruments for protection of trade mark worldwide.

While concluding the chapter, a specific observation is made by the researcher that the level of harmonization of IP laws among the countries seems to be unusually high. Nonetheless harmonization does not include all areas and issues. With the diversity of Laws of each country increasing every year, most protective measures require for the intangibles assets needs to be revisited. In case of any dispute involving a worldwide market, there are more than two hundred potential laws applicable for the assessment of the principle on territoriality. This complex issue is not address by any of the international instruments on intellectual property rights particularly on trademarks. Most comprehensive conventions like Paris convention and TRIPs are also addressing these three principal concepts: (i) signatory states must provide minimum standards of substantive trademark protection; (ii) states must offer protection on the basis of national treatment (i.e., accord the same protection to citizens of foreign signatory states as they do to their own citizens); and (iii) national trademark rights in one signatory country are independent of rights in other countries.¹ These three principles contain little that is determinative on complex issues of jurisdiction and enforcement of intellectual property rights.

**Chapter 3** specifically addresses one of the most common problems of multijurisdictional violations of trademarks being faced by each State in today’s globalized world. Jurisdictional problems have their roots in the private international law. A number of proposals were drafted in various continents with an intention to address these problems

related to the transnational enforcement of IP rights. It is observed in the conclusion of the chapter that all of them aimed to propose certain solutions for streamlining the adjudication of multi-territorial IP disputes by establishing rules on international jurisdiction, choice of law and the recognition and enforcement of foreign judgments in IP cases. The comparative analysis of all these set of principles show that ‘habitual residence’ is acceptable as a ground of jurisdiction in the international arena. Most of the private international law instruments contain a rule of general jurisdiction according to which a defendant can be sued in the state in which that person is habitually resident. Habitual residence of the defendant provides for a solid basis of jurisdiction in multi-state IP cases as well.

In **Chapter 4** an attempt is made to analyze the challenges that are being faced by the law of trademark in the virtual world. These challenges are pertaining to internet applications of trademark law. While applying trademarks in the virtual world the fundamental question that crops up is about which courts would have jurisdiction to adjudicate disputes between the parties transacting on the internet? It is specifically observed by the researcher while examining and evaluating relevant facts and figures in this regard that a widely recognized view which is gaining ground reality is that the existing law of jurisdiction is redundant for the cyber world and an entirely different set of rules is required to govern the jurisdiction over the internet which is free from the shackles of geographical borders. The remarkable claim for a separate cyberspace legal regime is not that cyberspace activity is subject to multiple claims of authority, but rather that it requires the abandonment, or at least compromise, of sovereign claims. It calls for "holes" in territorial sovereignty. Further it is concluded by the researcher that the justifications for and the feasibility of the traditional geographically-based jurisdictional and choice of law rules has been undermined by cyberspace. Such rules are not feasible to Internet users because cyberspace does not have clear delineated boundaries. Accordingly, any jurisdictional and choice of law rules must recognize cyberspace as a distinct spatial, rather than geographical, jurisdiction.

**Chapter 5** of the research work makes an endeavour to analyse the judicial trends regarding the issue of jurisdiction in trademark disputes in India. The legislative framework provides for the black letter of law on trademark protection, which cannot be understood in proper perspective without judicial interpretation of the same. In this backdrop various
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decisions of the Supreme Court and High Courts are analysed. The researcher has observed while working on this chapter that the judiciary in India has recognized that technological advancement and globalization have changed the nature of trademark as intellectual property. The orders that are passed in these cases are well- reasoned and futuristic. While interpreting the law and solving the complex question of jurisdiction the Supreme Court and various High Courts have shown that the judicial interpretation adds life to the black letter of law which otherwise is lifeless. For determining jurisdiction the courts have gone beyond the general rules of jurisdiction as prescribed under the Code of Civil Procedure, 1908. The court has recognized the true meaning of jurisdiction as provided under the special statutes.

Chapter 6 is based on the comparative analysis of the trademark protection in US, UK and Japan. Globalisation can progress if there is minimum conflict in laws between countries and there a more or less similarity or parity between them. It, therefore, becomes important to get a comparative perspective on law not only for minimizing conflict but for adopting the best practices upon a given subject matter. With this framework, a specific attempt is made to study the legislative and the judicial approaches in these countries in dealing with the issues of jurisdiction that may arise in the trans-border trademark issue in physical as well as virtual world. However, the entire scheme of the trademark legislation of US, UK and Japan is not minutely analyzed. Relevant aspects of the legislation of respective countries that are corresponding to the scheme of the research are only considered. From the overview of the legislative and judicial framework of the US, UK and Japan it is observed that the courts in these countries would by and large assert international jurisdiction when there is a close connection between the dispute and the forum. Courts in European Unions and Japan would exercise jurisdiction based on the domicile of the defendant whereas the common law countries like US and England would hear the case only when there is personal as well subject matter jurisdiction. A closer analysis of legal system of US, UK and Japan further conveys that the adjudication of multistate disputes involving trademark are often constrained by the subject matter jurisdiction and narrow interpretation of exclusive jurisdiction rule. In absence of any harmonised norms for asserting jurisdiction, forum shopping has become a regular practice in countries like US.
7.2 Conclusion:

At the outset it may be mentioned that the term jurisdiction is nowhere defined. Question of jurisdiction has been the first question of law in order to address and appreciate legal order and change in any legal system. Although the aspect of jurisdiction has always been considered to be a usual aspect of procedure, it has played a critical role in legal thinking. However, much attention is not given to the same in contemplating legal theory. It is indisputable that the question of jurisdiction engages with the fact that there is law and with the power and authority to speak in the name of law. It also provides for authorization and ordering of law as well as determinations of authority with a legal framework in any legal system.

The prerequisite of protecting trademark in various jurisdictions simultaneously are more or less harmonized but the enforcement of the same in those states still remains diverse. In any of the international conventions or treaties on trademark, there are no special rules or reference on jurisdictional rules by which the trademark rights protected in numerous countries simultaneously can be enforced. The only provision in this context that can be located in the internationally harmonized system is in the form of principle of national treatment. However, the principle of national treatment as laid down in the Paris Convention does not determine which court will have jurisdiction. It provides only that the same substantive provisions will be applicable to both foreign as well as nationals. In fact it is explicitly provided in the Paris Convention that the convention rules do not deal with jurisdiction and the same is left to the rules of the domestic law of the members.

In view of the above, the assumption made under the hypothesis appears to be true and hence it is concluded that in almost all countries the rules on jurisdiction whether substantial or procedural as applicable to trademark disputes are significantly different. One of the reasons is that no country can afford to sacrifice its internal unity, stability and tranquillity for the sake of uniformity of rules to facilitate international trade and commerce. Various political, economic and ideological controversies have prevented states from creating a fully harmonized international intellectual property regime. Even though a creator could obtain trademark right in multiple jurisdictions by filing an international

\(^2\)Paris Convention art 2(1)
\(^3\)ibid art 2(3)
application such person obtains only bundle of rights that are precisely national by nature. This means that regardless of international application for multijurisdictional protection, the enforcement of those rights will depend on a state-by-state pattern. This is because of territorial nature of trademark rights.

The very nature of trademarks being attached to territoriality invites complex issues of jurisdiction once the same is used outside the territorial limits. Jurisdictional issues have become inevitable as there exists an international trademark system that grants rights over a particular trademark in more than one country concurrently. Due to jurisdictional issues the plaintiff has to file multiple suits in more than one country simultaneously for relief in a case of infringement notwithstanding that the allegations might involve the same conduct by the same defendant with respect to the rights over the same trademark. Efforts to develop private international law of intellectual property rights are much recent due to globalization and advent of internet. The rules of private international law differ from country to country. This discrepancy is the main source of uncertainty in addressing and resolving multi territorial trademark disputes

Jurisdiction though an important aspect of law is nowhere defined precisely in any legal system. In the Indian legal system for determining an appropriate court of jurisdiction the rules are laid down in the Code of Civil Procedure, 1908 section 16 to 21; Trade Marks Act, 1999 being a special statute prescribes for special provisions with regard to jurisdiction of court under section 134. The Trade and Merchandise Marks Act, 1958 did not contain such special provisions on jurisdiction. The newly incorporated provisions under the Trade Marks Act, 1999 enables the plaintiff to enjoy the convenience of filing a suit at the place where he resides or carries on business. This provision is a deliberate departure from the traditional rules of jurisdiction under the Code of Civil Procedure, 1908. There have been cases in the beginning where there was confusion regarding applicability of special provisions and the traditional rules as provided under the Code of Civil Procedure, 1908. However, this confusion is very well removed by the appropriate judicial interpretation of the relevant provisions under the Trade Marks Act, 1999 as well as under the Code of Civil Procedure, 1908. The special provisions under Section 134 of the Trade Marks Act, 1999 are in addition to the general rules under section 20 of the Code of Civil Procedure, 1908. However, it is considered that the provisions under the Code of Civil
Procedure, 1908 constitutes a grundnorm, the ethos and essence of which percolates through all other statutes.

The international trademark system that harmonized the law of trademark for protecting such rights in multiple jurisdictions simultaneously does not specifically deal with the rules of jurisdiction for enforcement of the same. International harmonization is limited to the creation and existence of the trademark rights. There is no international mechanism for the legal enforcement of trademark rights.

At present there is no comprehensive treaty on intellectual property and the rules of private international law. There may be some scattered and episodic provisions in form of substantive rules of public international law. The issue of jurisdiction assumes complex proportion in case of multiple plaintiff and multiple defendants on the other side with dispute involving different places of operations. Therefore the court has to act cautiously and consciously to assume jurisdiction or to abandon the same.

The use of trademarks on internet has created certain inevitable conflicting issues between virtual world and physical world. It is challenging to impose local limitations on the global dissemination of information through internet. The digital transmission of data and information has challenged the tested legal concepts and theories in protecting trademarks. It is found to be impossible to enlist various ways in which trademark can be used on internet. However, a few practices like use of another’s trademark as a domain name, use of another’s trademark on website, use as met tag, hyper-linking, key word etc. Such uses lead to trademark violations. Exercising jurisdiction in the borderless world of internet has become a great challenge for all countries in absence of specific rules governing trademark disputes over internet. India does not have specific law or rules laid down under any general or special statutes governing use of trademark as well as consequential disputes for enforcing trademark rights. However, the courts in India being proactive acknowledged the domain name protection through principles of trademark law. Domain name judicially recognized to have all features of the trademark and hence found to be entitled to equal protection compared to trademark.

On the issue of jurisdiction in the virtual world the courts around the globe are facing a common question as to whether to develop a novel legal framework to address such complex issues or to look for an adequate answer by identifying analogous legal rules and
judicial pronouncements that are available in the most pertinent fashion. In absence of any specific legal framework applicable to cyberspace traditional principles of domestic and international jurisdiction are developed and adopted. Considering the non-availability of specific legislation and prescribed procedural norms, much reliance is placed on the judicial pronouncements. In India the case law on these questions is in its infancy and there is no consensus or established rule in this regard. However, with the latest decisions of the division bench of the Delhi High Court has released the air of speculation and paved way for further development of law on jurisdictional issues in the virtual world in India. As per the Indian judicial approach on applicability of law a person holding a domain name violating a registered trademark can be held liable for infringement under the provisions of the Trademarks Act, 1999. A passing off action is maintainable in law even against the registered owner of the trademark, particularly if the trademark has a trans-border reputation. This principle recognizes the mandate of protecting the well-known trademarks, as required by the TRIPS Agreement and the Trademarks Act, 1999. Thus, even if a domain name is registered in good faith and innocently, the passing off action is maintainable against the registrant.

From the Indian perspective, it is concluded that our current territorially based rules for jurisdiction (and conflict of laws) were developed in an era when physical geography was more meaningful than it is today. Restriction of territorial jurisdiction being placed by codified laws, further expansion of personal jurisdiction beyond those lines require appropriate amendments in Section 19 and 20 of the Code of Civil Procedure to incorporate the Objective territoriality principle, i.e. the Effects test. This is so because judicial precedents of lower courts and foreign courts do not have binding authority on the Indian Courts and considering the growing involvement of non-residents in cases of trademark infringement, passing off and domain names owed to the ever-increasing horizon of globalization of businesses and internet connectivity, we need definitive law in this matter.
7.3 Recommendations: Future Ahead…

In the light of the foregoing discussion, the researcher humbly submits the following recommendations:

1. **Harmonisation of Jurisdictional Norms**

   Various judicial approaches and viewpoints are adopted on domestic and national level. Such approaches towards internet jurisdiction are not workable for global protection. Each country having its own legal frame work will not resolve this problem. Hence global solution for such a global problem is recommended. An international instrument specifically dealing with jurisdiction in case of intellectual property rights is the need of the hour. Therefore a specific international treaty in this regard is suggested. The countries of South, East and South-East Asia must enter into a multilateral agreement for general rules of jurisdiction. The rules for determining jurisdiction in physical as well as virtual world must be appropriately addressed.

2. **Amendments to Trade Marks Act, 1999**

   The existing trademark law in India should be amended to an extent to accommodate various concurrent uses of trademark over internet. For this the definition of mark can be modified as prescribed in section 2(z) of the Trade Marks Act, 1999. Considering the jurisdictional conflicts prevailing in the cases of trademark infringement and passing off on internet, precise rules on the same should be incorporated in the Act so that Jurisdiction, whether adjudicative or prescriptive, over alleged trademark infringement is not based upon the mere accessibility in a state of a web site containing the allegedly infringing mark.

3. **Model Code of Private International Law**

   It is necessary to tailor the international principles of jurisdiction, choice of law and enforcement of judgments making it suitable for dealing with the intellectual property disputes. Hence it is necessary to have a comprehensive conflict of law/private international regime specifically devoted to intellectual property in India. A model code of Private International Law with a specific chapter on Intellectual Property Rights in place will certainly play a significant role in resolving such disputes.
4. **Comprehensive Legislation on Use of Intellectual property rights in general and trademarks in particular over internet**

In order to address the issues relating to intellectual property rights in general and trademarks in particular over internet in form of spamming, cyber-squatting, cyber-stalking, hyper-linking, use of trademarks as meta tags, data protection and privacy a comprehensive legislation should be formulated to tighten the legal regime of intellectual property protection in India.

5. **Enlarged scope of Hague Convention on Choice of Court Agreement, 2005**

The Convention excludes consumer and employment contracts and certain specified subject matters (Art. 2). As per article 2, the cases of infringement of intellectual property rights other than copyright and related rights, except where infringement proceedings are brought for breach of a contract between the parties relating to such rights, or could have been brought for breach of that contract are excluded from the scope of this convention. There can only be unification with respect to the intellectual property area if it is included in a treaty on jurisdiction and enforcement that provides for as many nations as possible to participate. The Hague Convention is the ideal tool to unify the rules regarding jurisdiction, recognition, and enforcement in the intellectual property arena. Only the inclusion of all intellectual property rights in the convention including questions of validity will provide certainty in the application and use of this area of law.

6. **Special Training to Judiciary**

Effective enforcement of legislation is always dependent on coherent interpretation of the same. In order to recognize the actual intention of the statutory provisions, professional training should be imparted upon judicial officers. The goal of uniform interpretation can only be achieved when the judicial officers are appropriately skilled and proficient enough to understand the national and international dimensions attached to intellectual property disputes in general and trademark disputes in particular. The periodic training and refresher courses can keep the decision makers abreast of the needs of time and situations and be aware of the important role that they have to play in this developing and ever changing branch of Law.
7. Integrated Legislative and Judicial Approach

It is observed that the law has always lagged behind the rapid emergence of technological advancement and globalization of trade and commerce. However, it is near to impossible to keep pace by framing rules on every aspect of technological development and mould the general principles of law accordingly. Territoriality and sovereignty are such concepts which no state can detach from jurisdictional conflicts. The applicability of such legal notions depends much on the efficient, competent and skilful legislative and judicial approach. Therefore, the judiciary as well as the legislature must apply law and frame appropriate laws respectively keeping this in mind.

8. Reorientation of National IP Policy

Considering the frequency with which activities involving intellectual property rights cross national borders are taking place, it is utmost important to provide a clear and precise definition of the territorial reach of national intellectual property laws. None of the existing legislations on various types of intellectual property rights in India specifically provides for the territorial delineation. India is in process of drafting National IP policy where this aspect can be incorporated. The National IP Policy specifically provides for enhance protection and enforcement of all types of IPs considering the advancement in the technology. Here the clarity on territorial reach of IP Laws can be addressed. This precision shall help the parties to take appropriate action before an appropriate forum.

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