

# Education Sector Hotline

October 30, 2018

## WHAT'S IN A NAME? SCHOOLS BATTLE OVER BRAND NAMES BEFORE THE DELHI HIGH COURT

In a recent judgement, the Delhi High Court held that:

- Use of identical names by unrelated educational institutions should be avoided as it could lead to confusion in the minds of students, parents and also persons who wish to collaborate with the institutions
- An educational trust cannot claim benefit of user of a trademark by an affiliate trust in the absence of proper documentation, solely on the basis that the two trusts have common trustees

The Delhi High Court granted an interim injunction against Amity International School, Bharuch, Gujarat ("**Defendant School**") and Gyanoday Educational & Medical Trust ("**Defendant Trust**"), the owners of the Defendant School and restrained them from using the name "Amity International School". The injunction was granted in a trademark infringement suit<sup>1</sup> filed by the Ritnand Balved Education Foundation ("**Plaintiff**") against the Defendant School, the Defendant Trust and its trustees ("collectively referred to as the "**Defendants**") to restrain them from using the Amity trademark. The Plaintiff is the owner of the Amity International School, Amity University and Amity Law School.

### FACTS AND ARGUMENTS

The Plaintiff started its first school under the name Amity International School in 1991 in New Delhi. Since then, the Plaintiff has opened several other educational institutions under the mark "Amity" including Amity University which has campuses in Uttar Pradesh, Rajasthan, Haryana, Madhya Pradesh and Amity Law School which has campuses in Noida, Gurgaon, Lucknow, Jaipur and Gwalior.

In September, 2013, the Plaintiff learned that the Defendants have started a school under the name and style "Amity International School" at Bharuch, Gujarat<sup>2</sup>. The Plaintiff therefore filed a trademark infringement suit against the Defendants in May 2014 alleging violation of its rights in its registered trademark "Amity"

The Plaintiff argued that on account of its use of the name "Amity International School" ("**Mark**") since 1991, it is the prior user of the Mark. The Plaintiff also relied on its trademark registration for the mark "Amity" to contend that use of the mark "Amity" and the identical name "Amity International School" by the Defendants, especially in relation to education, constituted infringement of its rights under the Trade Marks Act, 1999 ("**Trade Marks Act**").

Based on the Plaintiff's arguments, the Court granted an interim injunction in favour of the Plaintiff restraining the Defendants from using the Plaintiff's registered trademark "Amity" on May 30, 2014.

The Defendants thereafter filed applications alleging that the Court did not have jurisdiction to hear this matter and seeking vacation of the interim injunction granted vide order dated May 30, 2014.

The Defendants argued that they are the prior user of the mark "Amity". It was contended that in 1986, a Trust named Gyanada Educational Trust<sup>3</sup> started Amity School, Bharuch as a lower primary school for standard 1<sup>st</sup> to 3<sup>rd</sup> in Gujarat. According to the Defendants, on December 27, 2004, by way of a MoU, Gyanada Educational Trust permitted the Defendant Trust to the use of the name and style of "Amity" for services related to education, cultural and sporting activities. The Defendants relied on the MoU to contend that they had been granted a license to use the mark "Amity" and thus, their use of the mark "Amity International School" was legal and justified.

On November 24, 2014, based on the representations of prior use made by the Defendants, the Court suspended the injunction on the date of hearing of the Defendants' application.

However, upon hearing detailed arguments from both sides and on reviewing the documents submitted by the Defendants, the Court found that use of the mark "Amity" since 1986 was in fact not by the Defendants themselves. The mark was in fact being used by another trust - Gyanada Educational Trust and the Defendants were granted the limited right to use the name "Amity School" (and not in the name "Amity International School") in the same manner as the Gyanada Educational Trust.

### JUDGMENT

The Court found the Defendants liable for infringement and restrained them from using the name "Amity International School" in Bharuch, Gujarat for the following reasons:

1. Defendants were not the prior user of the mark "Amity International School"

The Court rejected the Defendants' argument that since the trustees of the Defendant Trust and the Gyanada Educational Trust are the same, the benefit of prior user of the mark "Amity" by Gyanada Educational Trust ought to be given to the Defendant Trust. The Court noted that Gyanada Educational Trust had not obtained any registrations for the mark "Amity" and thus does not hold any statutory rights in the mark "Amity". It also expressed that Gyanada

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Educational Trust could only claim right in respect of the use of the name "AMITY SCHOOL" and use of the name "AMITY INTERNATIONAL SCHOOL" by the Defendants could not be justified on the basis of the MoU.

## 2. Likelihood of confusion

On the issue of likelihood of confusion, the Court noted that the Plaintiff's school Amity International School is well known and the use of same / similar marks by the parties would lead to confusion. The Court observed that chance of confusion should be completely avoided in the education sector since confusion between names of institutions could have damaging effects on the future and careers of children.

## 3. Territorial Jurisdiction

The Defendant had also objected to the territorial jurisdiction of the Delhi High Court on the ground that the Defendant School is located in Gujarat and no part of the cause of action arose within the jurisdiction of the Court, i.e. in Delhi.

The Court found that it had jurisdiction to hear the dispute since:

a. the Defendants' use of the mark was not limited to Gujarat for the following reasons:

- i. The Defendants had obtained affiliation with the CBSE in Delhi for their schools;
- ii. The website of the Defendants was accessible across the country and students and teachers could visit the website from any location;
- iii. The Defendant School was taking part in activities across the country that were publicised in local and national media

b. The Court has jurisdiction under Section 134<sup>4</sup> of the Trademarks Act since the Plaintiff's registered office is in Delhi and the Plaintiff did not have any institutions in Bharuch, Gujarat.<sup>5</sup>

## IP LESSONS

The key takeaway from this judgment is that use of identical or for that matter even similar brand names for educational institutions should be avoided at all costs. For this, promoters should conduct market research including a search in the database of the Trademark Registry to check for same/ similar names, before adopting a brand name for its school. This is important since building a brand is a time and resource consuming process. In the event a brand is found to be identical or similar to an existing brand, it could result in loss of business and reputation. Further, substantial resources will have to be spent on rebranding of the entire set-up.

Another frequently faced issue is failure to take steps for proper protection of existing intellectual property

("IP")<sup>6</sup> including brand names. Often educational institutions and trusts managing such institutions hold trademarks that remain unregistered. Registration of a trademark is proof of validity of a trademark under Indian law. Therefore, registration confers statutory rights in the brand name and enables entities to take steps against unlawful use of their brands in accordance with the provisions of the Trade Marks Act.

Equally important is the need to consolidate the ownership of IP including brand names. Often it is seen that brands are registered in the name of different group entities. This creates issues such as multiplicity of owners, and causes confusion in determining the actual holding entity of the brand. It is therefore advisable that all IP commonly used group of entities is registered under one entity's name and then licensed to the other entities through proper licensing agreements. This way, parties will be able to establish proper chain of title to the IP at the time of enforcement. This will also help establish proper title while pleading prior use claims.

As held by the Court, a trust might not always be able to claim benefit of prior use of a mark by an affiliate trust in the absence of proper documentation that is in accordance with the Trade Marks Act. In case of licensing of trademarks, it must be ensured that licensing terms are strong and clearly define the rights and duties of the licensee and licensor. Entities must ensure that licensing terms comply with the nuances of proper licensing under the Trade Marks Act.

These are some such steps one must be mindful of while choosing a brand name.

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You can direct your queries or comments to the authors

<sup>1</sup> Ritnand Balved Education Foundation v. Ranchhod M Shah & Ors., Delhi High Court, CS (Comm) 236/2016, judgment dated 16<sup>th</sup> October 2018

<sup>2</sup> It is clarified in the judgment that the Defendant started the school Amity International School in Gujarat in 2004, i.e. 13 years after the Plaintiff's first use

<sup>3</sup> This Trust was not impleaded as a party in this suit

<sup>4</sup> Section 134 of the Trademarks Act provides:

134. Suit for infringement, etc., to be instituted before District Court.—

(1) No suit—

(a) for the infringement of a registered trade mark; or

(b) relating to any right in a registered trade mark; or

(c) for passing off arising out of the use by the defendant of any trade mark which is identical with or deceptively similar to the plaintiff's trade mark, whether registered or unregistered, shall be instituted in any court inferior to a District Court having jurisdiction to try the suit.

(2) For the purpose of clauses (a) and (b) of sub-section (1), a "District Court having jurisdiction" shall, notwithstanding anything contained in the Code of Civil Procedure, 1908 (5 of 1908) or any other law for the time being in force, include a District Court within the local limits of whose jurisdiction, at the time of the institution of the suit or other proceeding, the person instituting the suit or proceeding, or, where there are more than one such persons any of them, actually and voluntarily resides or carries on business or personally works for gain. Explanation.—For the purposes of sub-section (2), "person" includes the registered proprietor and the registered user.

<sup>5</sup> The Court's decision was based on the judgment in Ultra Home Construction Pvt. Ltd. v. Purushottam Umar Chaubey & Ors., 227 (2016) DLT 320 (DB) wherein the Delhi High Court clarified, inter alia, that under Section 134 of the Trademarks Act, a Plaintiff may bring an action in the jurisdiction where it has a registered office when it does not have a regional/branch office in the jurisdiction where the Defendant operates

<sup>6</sup> Such as brand names, copyright, designs, etc.

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