

High Court Patan

Division Commercial Bench

Bench No. 1

Hon. Judge Nahakul Subedi

Hon. Judge Mohammad Sabir Hussain

Decision

Case No. : 076-DP-0292

Decision No. : 97

Case : Trademark Opposition

Scotch Whisky Association, Quartermile 2, 2 Leicester Square, Edinburgh, EH3
9GL, UK, represented by Associate Advocate Ranju Basnet on behalf of Apex
Law Chamber Pvt. Ltd. with authorization and Power of Attorney.....i } Appellant

Vs.

Highland Distillery Pvt. Ltd., Matatirtha- 7, Kathmandu, Nepal.....1 } Defendant

Initial Decision Making Body : Department of Industry, Tripureshwor, Kathmandu

Initial Decision Making Authority : Director General Mr. Binod Prakash Singh

Date of Initial Order : 2019/06/02 (2076/03/02 B.S.)

Order No. : 166

The brief facts and verdict of the present case falling under the jurisdiction of this court pursuant to Section 8(3) of Administration of Justice Act, 2073 are hereunder :-

Facts

1. The opposition filed by Apex Law Chamber authorized by Scotch Whisky Association, UK, against the trademark "Highlander (& logo)", which was applied for registration under class 33 vide Application Number 062864. It was published in the Industrial Property Bulletin dated 2075/09/01 for opposition. The opposition asserts that the applied trademark is an imitation of "Highland" which is a geographical indication. The opposition further requests the dismissal of the application, contending that considering the worldwide reputation of the Scotch Whisky Association, the registration of the aforementioned mark affects the Complainant's goodwill and is contrary to Article 2, 10 *bis*, 6 *ter* of Paris Convention, the proviso clause of Section 18(1) of Patent, Design and Trademark Act, 2022.
2. The written response submitted by the Defendant Highland Distillery Pvt. Ltd. states that the Complainant does not possess locus standi to file an opposition, given the lack of registration of its trademark. As per Section 21(b) of Patent, Design and Trademark Act, 2022, "The title to any patent, design or trademark registered in a foreign country shall not be valid in Nepal unless it is registered in Nepal by the concerned person". Further, it contends that the Complainant's Highlander trademark registered abroad is not well-known in Nepal, lacks a distinct identity, and does not constitute a geographical indication associated with Scotland's whisky. Consequently, the Defendant seeks the dismissal of the opposition claim.
3. In accordance with the criteria for recognizing well-known marks outlined in the Joint Recommendation by the Assembly of the Paris Union and the World Intellectual Property Organization, the Complainant has failed to provide any supporting evidence. Moreover, it has not registered its trademark in Nepal when it is obligatory for foreign trademark owners to register their trademark in Nepal to enjoy legal rights. Regardless of the duration of trademark usage, the absence of registration does not confer exclusive rights upon the user. The Complainant has not mentioned the association of Highlander with geographical indication of whisky and from the Defendant's label featuring the applied Highlander (& logo) trademark, it is evident that the mentioned geographical indication does not lead to confusion among the consumers. Thus, an order has been issued by the Department of Industry stating that, based on the aforementioned grounds, the trademark Highlander (& logo) applied for registration under class 33 via application number 062864 by the defendant can be registered and that the opposition claim cannot subsist.

4. While the claim focuses on the use of the term Highlander in connection with Scotch Whisky, produced in Scotland, which is a well-known geographical indication in both Nepali and global markets; instead of addressing the specific issue at hand, the Department of Industry has, in a biased and prejudiced manner, delved into the matters beyond the context of the case, i.e. "whether Highlander constitutes a well-known mark", without even considering the actual issue of the case. It has failed to fulfill the obligations imposed upon Nepal for being a member of World Trade Organization to protect the geographical indication in accordance with TRIPS (Trade Related Aspects of Intellectual Property Rights) Agreement. Contrary to the consistent recognition of "Highland" as a geographical indication for Scotch whisky by judicial authorities in various countries (India, Paraguay, Philippines, Ecuador, The Netherlands, Australia) through trademark registration applications, the Department of Industry has contradicted its stance. In previous instances, the Department of Industry acknowledged the goodwill and reputation of the Scotch Whisky, thereby discouraging the use of terms associated with Scotch. The defendant's application for registration of a trademark to receive the benefit of the worldwide reputation of geographical indication "Highland" of Scotland while creating confusion among consumers and unfair competition is against the provisions of Section 2(c), proviso clause of Section 18(1) of Patent, Design and Trademark Act, 2022, Art. 22 and Art. 23 of TRIPS Agreement formulated under World Trade Organization (WTO), Art. 2, 10 *bis*, 10 *ter* of Paris Union and Section 9 of Nepal Treaty Act, 2047, Section 5(g) (a,d) of the Administrative Guidelines of Department of Industry, principles propounded by Supreme Court of Nepal, and general principles pertaining to geographical indications and trademarks. Therefore, the Department of Industry's order, beyond the issue raised by the Appellant Scotch Whisky Association without considering the core claim of opposition, is *prima facie* flawed. An appeal has been submitted, stating that the order issued by the Department of Industry should be quashed due to its deviation from the issue raised in the opposition.

5. As the Appellant claims that the word Highland is a geographical indication of whisky manufactured in Scotland and therefore cannot be registered in the name of another party, the order issued by the Department of Industry states that the trademark Highland is eligible for registration in the name of the defendant, given its current unregistered status in Nepal. Therefore, the order is considerable in the periphery of differences between geographical indication and trademark. Hence, an order issued by the Court on 2076/07/03 to present the case after the process is duly served in accordance with Section 213(3) of the Civil Procedure Code, 2074, and Rule 112 of High Court Regulation, 2073.

Verdict

6. The brief study of the initial case file and an appeal, along with the enclosed documents of the case scheduled in accordance with the procedure, were made, and the pleadings of the learned Advocate, Mr. Ramchandra Subedi, emphasized that Highlander is a geographical indication and the matter to be decided should be about geographical indication rather than trademarks. Conversely, the arguments put forth by learned Advocates, Ms. Mun Pradhan and Mr. Raman Kumar Karn, contented that despite the protection accorded to the term Highland in the United States and other foreign states, the word Highlander lacks protection, and, therefore, should be eligible for trademark registration.
7. While the opposition claim was that the Scotch Whisky is well-known worldwide and Highlander is associated with geographical indication, the trademark registration application submitted by Highland Distillery Pvt. Ltd. by imitating the Highland trademark should be quashed. The written response submitted by the defendant states that the Complainant's Highlander trademark registered abroad is not registered in Nepal and is not well-known in Nepal. Furthermore, the defendant claims that the Highlander trademark does not represent a distinctive identity of the complainant and is not associated with the whisky of Scotland, as contended by the complainant; consequently, the defendant urges the dismissal of the opposition. The appeal has been filed by the Appellant, who is unsatisfied with the order issued by the Department of Industry, Tripureshwor, wherein it was held that the opposition claim cannot subsist as the trademark can be registered.
8. In the present case, with the aforementioned facts and claims, the determination of whether the order issued by the Department of Industry complies with legal provisions and whether it aligns with the contentions raised in the appeal of the Appellant are to be adjudicated.
9. Considering the decision, it has become evident that the Department of Industry issued an order in the matter of opposition against a trademark registration application submitted by Highland Distillery Pvt. Ltd., disregarding the fact that Scotch Whisky Association is a well-known mark and Highlander is associated with geographical indication, while deciding upon the matter without proper evaluation of the law and also without discussing geographical indication, thereby looking beyond the claim. The basic principle of law states that decisions or orders should be made only on matters in dispute. The Supreme Court of Nepal, on 2076/02/27, in Case No.: 0710RB-0283, Decision No. 10216, established the precedent that an order or decision must not be made to provide relief beyond the claimant's claim and should refrain from delving into the issues not in dispute.
10. The World Intellectual Property Organization (WIPO) has defined geographical indication as "a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin." Art. 22(1) of the TRIPS Agreement (Trade Related Aspects of Intellectual Property) states, "Geographical Indication is an indication which

identify a good as originating in the territory of a Member, or a region locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin." It can be said that the products manufactured by the Scotch Whisky Association are closely associated with the Highlands of Scotland.

11. Being a member of the World Intellectual Property Organization and the TRIPS Agreement, Nepal shall adopt the aforementioned definition and fulfill the stipulated obligations. Pursuant to Article 22 of the TRIPS Agreement concerning geographical indications, member states are required to establish legal mechanisms enabling interested parties to prevent:
 - a. The use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner that misleads the public as to the geographical origin of the good;
 - b. Members shall be obliged to ensure effective protection against unfair competition as per Article 10 *bis* of the Paris Convention, including signs or indications used during trade that mislead the consumers regarding the nature of goods, manufacturing process, quality, and usage.
12. In light of the provisions enshrined in the agreement, it has appeared that the use of Highlander geographical indications in products other than Scotch Whisky manufactured by the Scotch Whisky Association might mislead consumers regarding the origin of the product, specifically whether it is manufactured by the Scotch Whisky Association or by another entity.
13. The order issued by the Department of Industry to register the Highlander (& logo) trademark, on the ground that Highland has secured protection under geographical indication but not Highlander, has been identified as contradictory to the provisions aimed at discouraging unfair trade practices as stipulated in the Paris Convention, 1883, Consumer Protection Act, 2075, and the Competition Promotion and Market Protection Act, 2063.
14. A booklet, "Geographical Indication: An Introduction", published by the World Intellectual Property Organization mentions the use of a distinct sign in both trademarks and geographical indications. Geographical indications and trademarks are distinctive signs used to distinguish goods or services in the marketplace. Both convey information about the origin of a good or service and enable consumers to associate a particular quality with a good or service. In addition, the trademarks and geographical indications are differentiated as, "trademarks inform consumers about the source of a good or service. They identify a good or service with a specific quality or reputation based on information about the company responsible for producing or offering it, and geographical indications identify a good as originating from a particular place. Based on its place of origin, consumers may associate a good with a

particular quality, characteristic, or reputation." Therefore, there is no doubt that distinct signs are used to represent the source of goods in trademarks and geographical indications and the use of one's well-known mark for another purpose will not lead to confusion among consumers.

15. It has appeared that the Scotch Whisky Association has established a consumer base in various countries through the use of Highland geographical indication and has filed complaints and secured decisions in its favor across various jurisdictions. The Department of Industry has also rendered decisions in cases where the Appellant was a party.
16. In instances where the use of signs in both geographical indications and trademarks may create confusion among consumers, the order issued by the Department of Industry disregarding the geographical indication and solely focusing on the trademark altering the matter at issue does not appear to be in accordance with the law.
17. Thus, based on the aforementioned grounds and evidence, the order issued by the Department of Industry on 2076/03/02, in response to the opposition filed by the Complainant against the defendant's application for registration of the Highlander (& logo) trademark, asserting that the term Highlander is associated with the Highland of Scotland, renowned for the production of Scotch whisky, with geographical indication as the basis, wherein the Department of Industry has held that the opposition claim cannot subsist merely because the Highlander trademark is not registered in Nepal, is hereby quashed. Now, it has been ordered to re-decide whether Highlander represents a geographical indication or not, as claimed by the Complainant, after considering relevant matters. Also, send the initial file to the Department of Industry by appointing the date for appearance for the parties to appear at the Department of Industry. Further, do as stated below:

Particulars

1. As it has been held that the file is to be sent to the Department of Industry to re- decide as is mentioned in the verdict section, appoint the date for appearance for both parties to appear at the Department of Industry and send the initial file to the Department of Industry along with a copy of the decision.
2. Provide a copy of the decision to the party, if requested.
3. Upload the digital copy, cross off the record and handover the file to the record department.

Nahakul Subedi

(Judge)

I concur with the aforesaid verdict.

(Mohammad Sabir Hussain)

(Judge)

Assistant:

Bench Officer: Sushma Giri

Computer Operator: Ajay Tamang

Date of Decision : 2076/10/29/04

Date of Authentication: