

In the recent judgment of *PepsiCo Inc. vs. Parle Agro Private Limited*, 2023:DHC:6809, the Delhi High Court, speaking through Justice C. Hari Shankar, has clarified what he believes is the process of challenging the validity of a registered trademark.

### Key Insights from the *PepsiCo vs. Parle* judgment:

At issue was a suit for trademark infringement and passing off filed by the plaintiff who claimed that the defendant had copied its registered trade mark, ‘**For The Bold**’ which the plaintiff used as a tag line in relation to its DORITOS range of tortilla chips. The defendant had launched a malt flavoured fruit juice, called B FIZZ, accompanied by the tagline ‘**Be The Fizz! For The Bold**’. The plaintiff claimed that the defendant violated its statutory trademark rights in the tagline ‘For The Bold’.

In considering the rival contentions, the court discussed the following key issues:

**Prima facie tenability and stay of suit:** Among other defences, the defendant argued that the plaintiff’s registered trademark was prima facie invalid and could not be enforced against the defendant. The law requires a court to assess the prima facie tenability of the defendant’s plea of invalidity, and on being satisfied that this threshold has been met and the plea is prima facie tenable, the court frames an issue on the validity of the plaintiff’s mark pending the outcome of the rectification action.

Justice Shankar held that this is a low bar, merely requiring a party to raise a “challenge worth consideration” on the validity of the trademark. It found that this bar was met by the defendant and framed an issue on whether the registration of the tagline ‘for the Bold’ as a trademark in favour of the plaintiff was valid. Interestingly, this holding is seemingly at odds with a coordinate bench judgment of the Delhi High Court in the case of *Burger King Corporation v. Ranjan Gupta* (CS (Comm) No. 229 of 2018) pronounced earlier in March this year, in which Justice Amit Bansal recognized *prima facie* tenability as an important safeguard against frivolous challenges to the validity of a mark being raised by defendants. Justice Bansal had held that merely pleading that the registration of the plaintiff’s mark is *prima facie* untenable in the written statement does not suffice. This is also consistent with the findings of the Delhi High Court in *Abbott Healthcare* following the Apex Court’s landmark decision in *Patel Field Marshal*. These three decisions recognize the importance of the finding on

enability of the plea of invalidity and how this is an important filter to weed out vexatious and untenable claims. *Burger King* does not appear to have been cited or considered by Justice Shankar in *Pepsi* and the conflict between the two judgments leaves the law on this point in a state of flux.

Interestingly, Pepsi had brought Justice Shankar's attention to the fact that Parle had itself applied for the trademark "Be The Fizz! For The Bold!" on a proposed to be used basis in September, 2020. Given that there is a long and consistent line of case law by the Delhi High Court that a party is estopped from challenging the validity of a mark that it has itself sought to register, it is curious that the court did not delve further into whether this was a relevant factor to assess whether Parle's plea was prima facie tenable.

**Treatment of Premature Rectification Petition:** In this specific case, the rectification petition was filed prematurely before the court determined prima facie tenability and framed an issue. Remarkably, the court treated this petition as valid to save judicial time and prevent multiple proceedings. Strictly speaking, this finding is not consistent with the framework of S. 124 of the Trade Marks Act given that, as Justice Hari Shankar himself recognizes, the section outlines a very specific, step-by-step procedure for challenging the validity of the plaintiff's mark in infringement proceedings. However, it is a practically sound move that helps save judicial time and multiplicity of proceedings, in a system clogged by a heavy caseload.

**Prima facie tenability vs. presumption of validity under Section 31(1), Trade Marks Act:** S. 31(1) of the Trade Marks Act states that registration of a mark is evidence of its *prima facie* validity. The Court held that the mere finding of prima facie tenability under Section 124 of the Trade Marks Act does not displace the presumption under Section 31(1), unless the challenge is overwhelmingly strong. Therefore, the merely framing an issue on the validity of the plaintiff's mark does not disentitle the plaintiff from claiming injunction for infringement. This holding is consistent with other judgments of the Delhi High Court which clarify that the enquiry for establishing prima facie tenability of the plea of invalidity and prima facie case for the grant of an injunction are completely distinct [see [Anil Verma vs R.K. Jewellers Sk Group & Ors.](#), order dated February 13, 2019, for instance].

**Absence of Likelihood of Confusion:** It is quite unusual for a court to render two usages of a trademark by the same party as infringing in one instance and non-infringing in the other. However, this is exactly the conclusion drawn by the court in this case. First, Justice Shankar analysed the provisions of the Trade Marks Act and holds that “[i]t has to be remembered, however, that what is injuncted is not the mark, but its infringing manner of use.” With this in mind, Justice Shankar determined that there was no likelihood of confusion between PepsiCo's registered "For The Bold" mark and Parle's "Be The Fizz! For The Bold!" tagline, as used on the "B Fizz" bottle/can based on its positioning, which he felt would not be likely to cause confusion. On the other hand, Justice Shankar holds the defendant's use of the 'For the bold' tagline in its advertisements as prima facie infringing of the Plaintiff's registered trademark.

**Use of trademark defences:** The defendant attempted to rely on Sections 30(2)(a) and 35 of the Trade Marks Act, which provide defences for bona fide descriptions of products. However, the court found that the defendant had failed to establish, *prima facie*, that their tagline referred to the bold flavour of their beer.

Interestingly, as on the date of this post, no appeal appears to have been filed against this order per the Delhi High Court's public database. As it stands, the findings in this judgment will have a far-reaching impact on how procedures in trademark disputes will be implemented before the Delhi High Court.