



ALTERNATIVE DISPUTE RESOLUTION IN TRADEMARK LAW: AN EXTENDED BRIEFING

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Abstract-- The difficulty and costs of pursuing multi-national trademark issues in national courts are well known. As a result, arbitration is becoming a more common type of alternative dispute resolution (ADR) for settling trademark disputes. ADR can improve international disputes in particular by centralizing the conflict resolution process and eliminating fragmentation before various regional or national tribunals. It is not unexpected that more people are turning to and trusting ADR systems to handle trademark (and other IP) conflicts, as this reflects the importance of ADR in the dispute resolution ecosystem as a whole.

Keywords: Arbitration, Mediation, Alternative Dispute Resolution

INTRODUCTION

Today the world has become increasingly reliant on technology, making intellectual property as one the most important and valuable commodities for the global market. It is increasingly important for this property to be protected by intellectual property laws. Thus, numerous countries have signed multilateral treaties that include provision to the security of intellectual property. In recent multilateral agreements, methods for arbitration and mediation have been outlined in acknowledgment of the fact that traditional litigation is no longer the most practical way to resolve international intellectual property disputes.

Intellectual property rights are upheld and safeguarded for both physical and mental property. A crucial corrective tool for swift justice is alternative dispute settlement. Therefore, it is important for fostering personal growth and societal justice in society. Rapid justice has been included in Article 21 as one of the basic rights of citizens and individuals, and Article 51 of our constitution lists alternative dispute resolution as a special way to settle conflicts locally and promote peace and security. The significance of protecting intellectual property rights is increased by the advancement of science and technology and globalisation. Human civilization will be increasingly dependent on digitalization. The general public has undoubtedly felt more at ease as a result, but cybercrime problems have increased. An alternative dispute resolution mechanism becomes a more appropriate platform to resolve issues pertaining to Intellectual Property rights in the context where conventional legal implementation processes are more difficult for delivering justice.

The use of intellectual property has significantly increased over time in India. As of October 31, 2021, 5,695 patent applications and 19,456 trademark applications had been submitted, according to the Department of Promotion of Industry and Internal Trade's Annual Report 2021-22.¹ Therefore, it has become crucial to safeguard and preserve intellectual property. Conflicts, on the other hand, have also started to become inevitable and are now burdening the already overburdened Judiciary. Access to mechanisms for alternative conflict resolution in such a situation is not only a good but also a practical course of action.

GROWTH OF IPR

IP regime has grown to be extremely competitive and dynamic. Companies engage in the most advertising possible to thrive in the market. Businesses are very worried about how they are perceived

¹ https://dpiit.gov.in/sites/default/files/IPP_ANNUAL_REPORT_ENGLISH.pdf



in the marketplace. The trademark of the business serves to identify all of this. IPR are now considered a core asset of the business due to their increased fiscal significance. Any violation of these rights hinders company operations. Due to the frequent cross border exploitation of these rights, numerous jurisdictions are involved in the dispute. Thus it is critically important to find mutually agreeable solution to any conflicts involving intellectual property rights. When multiple jurisdictions are involved the issue is no longer just the conflict but also other factors, such as international politics and diplomacy are involved.

THE IMPORTANCE OF ALTERNATIVE DISPUTE MECHANISMS IN THE IP REGIME

When a lawsuit has been filed, the complaint served, and the business has been accused of trademark infringement. The court promises to mediate the conflict. In connection with the sale of a specific product range, the business is operating under a licence. The licensor asserts that a newly introduced product range is covered by the licence. All disputes occurring under the licence must be arbitrated in accordance with this licence agreement. In a variety of circumstances, businesses have at least the initial choice to arbitrate or mediate a disagreement before filing a lawsuit. According to conventional wisdom, arbitration is less costly and quicker than litigation. In some cases, this might even be the case. In certain situations, arbitration or another form of alternative dispute resolution (ADR) may offer a cost-effective substitute for the battle for the courthouse and everything that takes place there. As has been said, all conflicts are ultimately resolved, either by the parties involved or by a judge or jury.

It is essential to note that alternative dispute resolution has already proven to be more popular than traditional modes of litigation in all commercial transactions. These days, "arbitration-mediation" clauses are frequently included in contracts relating to the transfer of intellectual property. This emphasises how important arbitration is in business intellectual property rights.

The Delhi High Court ordered the adoption of a procedure known as early neutral evaluation in an intellectual property-based litigation suit in a landmark decision in the case of **Bawa Masala Co. v. Bawa Masala Co. Pvt. Ltd. and Anr.**² where a number of legal disputes had already been settled through an alternate dispute resolution process. Under the authority of section 89 of the Civil Procedure Code, 1908, the court in this case proposed the addition of such processes for the peaceful resolution of disputes. The Court went on to say that the early neutral evaluation process has "the same features as a mediation process...the distinction is that in mediation, solutions typically come from the parties and the mediator makes an effort." In contrast, "in case of early neutral evaluation, the evaluator acts as a neutral person to assess the strengths and weaknesses of each of the parties," where "in case of mediation, the solutions typically emerge from the parties and the mediator makes an effort to find the most acceptable solution." By saying that early neutral evaluation "does not involve any testimony, oath, or examination and such neutral evaluation is not recorded," the Court further distinguished early neutral evaluation from arbitration. The Court also held that early neutral assessment is "confidential and cannot be used by any of the parties against the other. No award or outcome has been submitted.

This is a landmark case in which Indian courts attempted to implement alternative conflict resolution tools to address issues involving intellectual property infringement. This case also emphasises the inclination, which Indian Courts have begun sharing, towards involvement of alternate dispute resolution measures in resolving of such disputes.

However, using alternative conflict resolution methods to settle disputes involving intellectual property may encounter some issues. First off, because intellectual property protection is territorial in nature, the

² AIR 2007 Delhi 284



Supreme Court of India's public policy ruling in the case of *O.N.G.C v. Saw Pipes*³ may make it difficult for arbitral awards to be upheld if they are based on conflicts involving intellectual property. Another obstacle to using alternative dispute resolution tools in intellectual property-related disputes is the problem of intellectual property validity, which tends to determine right against all.

Despite the aforementioned problems, it is undeniable that instances of intellectual property infringement can be resolved through the use of alternative dispute resolution mechanisms because they are actions in personam that establish the rights between two parties. There is no doubt that commercial disputes that have arisen from a contract and that the parties have consciously chosen to bring to a private forum are not arbitrable. Such actions are always personam actions, in which one party seeks a particularised relief against a specific specified party rather than the general public.

ALTERNATIVE DISPUTE RESOLUTION AND TRADEMARKS

In India, trademark litigation dominates the courtroom scene for cases involving intellectual property. An inter parts ruling will be made in the trademark dispute. In light of this, alternative conflict resolution techniques can undoubtedly offer the judiciary a suitable alternative. Furthermore, it is pertinent to note that arbitration plays a significant role in the expedited process for dispute resolution outlined by the Uniform Domain Name Dispute Resolution Policy, 1999, and the Indian Domain Name Dispute Resolution Policy in instances of cybersquatting. This highlights the value of arbitration and other alternative dispute resolution procedures in balancing the interests of the person making the complaint and the owner of the trademark.

Conflicts involving Trademarks and Trade dress frequently centre on the "likelihood of misunderstanding." the Trademark Claims that the Defendant's mark is confusingly identical to the Plaintiff's mark frequently involve plaintiffs. The trade dress complainant frequently makes the case that the packaging used by the Defendant displays his product in a way that deceives consumers into thinking it is the Plaintiff's. The likelihood that consumers will be perplexed about the origin of the products in question is a critical problem in both situations.

The degree of distinctiveness achieved by the plaintiff's mark or trade dress; actual or likely consumer confusion; similarity of the opponents' products or product categories; similarity of the marks or trade dress; sophistication of the relevant potential buyers and of the marketing channels used by the parties; and the Defendant's intent when choosing his mark or trade dress are issues that frequently need to be resolved in both types of cases. But many of these situations happen when the partners are still doing business together. For instance, the parties to the conflict may already have an established licence or franchise connection that is unrelated to the dispute.

A fair answer frequently entails changing the existing licence from one party to the other or entering into a new agreement. Avoiding outright litigation in these circumstances has significant advantages in terms of time and money saved as well as the ability to create a solution that best suits the requirements of the parties and the circumstance. This aids in preventing the parties from taking a solely combative "seek and destroy" strategy, which could easily sabotage any chance of future cooperation.

Even though trade mark and trade dress conflicts do not involve complex scientific or technical issues, they do necessitate knowledge of the laws, consumer perception and surveys, and market data, all of which are equally complex. As a result, disputing parties may opt to use ADR to resolve their dispute. Before pursuing the majority of these disputes in court, ADR offers a number of benefits that should be taken into account.

³ AIR 2003 SC 2629



As previously mentioned, ADR is being used more frequently to settle IP conflicts. This is particularly clear in the domain name space where proprietors of trademark have used ICANN's uniform domain name and lately, ICANN introduced "new generic Top-Level Domains" to broaden the namespace of the internet (new gTLDs).⁴ In terms of trademark protection, the introduction of new gTLDs has created a fresh set of problems in the area of trademark protection with significant ramifications for free speech and expression and entrepreneurial freedom.⁵

ADR and IP have recently come into contact in the area of investor-state dispute settlement (ISDS). Corporate investors have the right to bring a State to court in a legally enforceable arbitration under ISDS provisions found in investment treaties between states.⁶ IP is frequently referred to as "investment" in investment contracts. Therefore, the foreign investor whose rights are impacted may exercise its right to sue the host State under the investment treaty when the host State (where the investment resides) engages in regulatory conduct that affects the registration and/or use of IP. For instance, when Uruguay and Australia enacted legislation that impacted the use of trademarks on tobacco packaging, Philip Morris sued the two governments under investment treaties to which they were a party.

ADVANTAGES OF ALTERNATIVE DISPUTE RESOLUTION IN TRADEMARK LAW

One of the reasons why ADR is so suitable for resolving IP disputes is that IP issues are often technical or difficult in nature. This is especially visible in patent law and copyright law issues that either require a high level of technical knowledge or a high ability to understand the finer differences between expressions of ideas. Because trademark law is not as technically demanding as patent law or as detail-oriented as copyright law, one might make the argument that neutral third parties with specialized knowledge may not be as essential in trademark law as in other areas of IP law. However, such an idea overly simplifies the complexities of trademark law and the characteristics of trademark disputes which make it one area of IP disputes that is especially suitable for resolution through ADR.

- **Trends in Trademark Protection**- Because of the importance companies place on their trademarks and the unique protection offered by trademark law, trademark disputes have the potential to be the most heavily litigated of IP disputes.²³ With the continued development of commerce and expansive global commercial growth come an importance in brands and protection of trademarks.
- **Limiting Scope of Discovery in Trademark Disputes**- Trademark disputes often require more expensive discovery than many other types of IP disputes.²⁸ A trademark case is built on the "likelihood of confusion" factor; in other words, the question is whether customers will be confused as to the source of the products bearing the marks in question.²⁹ In order to examine a mark's likelihood of confusion, both parties will normally submit survey evidence analyzing consumer reactions to a mark to determine whether the mark is confusing.³⁰ Such surveys can be very expensive.

⁴ Alpana Roy & Althaf Marsoof, *The Brave New World of ICANN's 'New gTLDs': An Overview*, 40 EURO. INTELL. PROP. REV. 649 (2018) (for an overview of ICANN's new gTLDs Programme and the various dispute settlement mechanisms ICANN has introduced to tackle trademark-related issues)

⁵ Daniel Gervais, *Intellectual Property: A Beacon for Reform of Investor-State Dispute Settlement*, 40 MICH. J. INT'L L. 289 (2019)

⁶ Stephan W. Schill, *Private Enforcement of International Investment Law: Why We Need Investor Standing in BIT Dispute Settlement*, in *The Backlash Against Investment Arbitration: Perceptions and Reality* 31 (Michael Waibel et al. eds., 2010)



- **Faster Resolutions and the Continued Use of a Trademark**- Trademark litigation, like other types of IP litigation, often take years before a final verdict is reached. In addition to the constraints of a busy court docket, parties to a trademark litigation may also face delays from a final verdict through repeated appeals.
- **Creative Solutions Benefiting Both Parties to a Trademark Dispute**

Trademark as the subject matter of arbitration

Brand worth is not something that should be taken lightly. The top 10 brand logos by value are Apple (\$408,251 million),

Amazon (\$249,249 million),

Microsoft (\$210,191 million),

Google (\$196,811 million),

Samsung (\$74,635 million),

Coca-Cola (\$57,488 million),

Toyota (\$54,107 million),

Mercedes (\$50,866 million),

McDonald's (\$45,865 million), and

Disney (\$44,183 million), according to Interbrand's Best Global Brands Rankings 2021⁷. The value of the brands demonstrates the significance of these intellectual property assets for global companies and the need to resolve pertinent trademark-related disputes without impairing the brands' value.

Besides patent prosecution, cross-border trademark prosecution is possible through international, regional, and national mechanisms, such as the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks⁸. Although the associated costs may be less than those associated with patent prosecution, they are still significant when it comes to maintaining a worldwide trademark portfolio.

Trademarks stand out among Property rights because they can frequently be revoked in the event of non-use. A requirement for any trademark registration in the United States, for instance, is purpose to use; if this requirement is not met, the trademark is revoked. This characteristic of trademarks encourages owners of the rights to aggressively commercialise the rights to the mark, including through licencing and franchising.

20 percent of conflicts handled by the WIPO Arbitration and Mediation Center are disputes involving trademarks, which is a significant number.⁹

WHEN TO ARBITRATE TRADEMARK DISPUTES

The most common contractual trademark-related arbitration cases involve disagreements over brand assignments, licences, franchising, and distribution contracts. Additionally, since cross-border litigation is time-consuming and expensive, disputes resulting from global coexistence agreements for trademarks can be arbitrated in a way that is both time- and money-efficient.

The following cohabitation agreement case was heard by the WIPO Arbitration and Mediation Center.¹⁰ While Company B filed a nearly identical trademark in Asia, Company A registered a trademark for software in the US, Canada, and other countries. The businesses signed a coexistence agreement with a

⁷ Interbrand, 'Best Global Brands', <https://interbrand.com/best-global-brands>

⁸ Regulation (EU) 2015/2424 of the European Parliament and the Council amending the Community trademark regulation

⁹ World Intellectual Property Organization (WIPO), 'WIPO Caseload Summary', www.wipo.int/amc/en/center/caseload.html

¹⁰ WIPO, 'WIPO Arbitration Case Examples', www.wipo.int/amc/en/arbitration/case-example.html



WIPO arbitration provision in order to ease trademark use and registration on a global scale. Company A started arbitration after Company B declined to help it register a trademark in Asia (such assistance could have been given, for example, in the form of a statement of consent to trademark registration by Company A). The issue was settled by the sole arbitrator's interim award, which provided the parties' plan of action legal force. This illustration exemplifies how the parties were successfully averted.

This illustration shows how the parties successfully avoided international trademark litigation and settled the dispute during the interim procedures. When the arbitration is founded on a submission agreement reached by the parties after the dispute has arisen, trademark infringement and trademark validity disputes may be arbitrated. For disputes involving registered IP rights, such as trademark rights, many jurisdictions recognise the exclusive authority of national courts (such as specialised IP courts) or administrative institutions, such as trademark offices. This is similar to how jurisdictions treat patents. Therefore, the arbitrability of some trademark disputes may be excluded or recognised with inter partes effect only. This may lead to the non-arbitrability of some trademark disputes, including those pertaining to trademark opposition and revocation, among other things (e.g., in France and Japan). There are also jurisdictions that acknowledge the arbitrability of all trademark conflicts in spite of such restrictive approaches (e.g., Switzerland). There are certain disputes (particularly those involving the coexistence of trademarks) that cannot be successfully resolved by national courts, such as instances where litigation completely separates the parties rather than promoting their ability to coexist. A skilled IP arbitrator is much better equipped to help the parties find a coexistence solution in those situations. Even though they are regarded as a different type of IP issue, trademark conflicts are frequently the root of domain name disputes. Over 100,000 internet domain names, including ".com," ".net," ".org," ".top," ".win," and ".xyz," as well as more than 80 country top-level domains have been engaged in the approximately 57,000 cases that WIPO has handled under the Uniform Domain Name Dispute Resolution Policy (UDRP).¹¹ Trademark owners frequently use the expedient and inexpensive UDRP procedures. On its website, WIPO publishes data on UDRP conflict resolution.¹²

KEY ISSUES IN ARBITRATING TRADEMARK DISPUTES

Composition of the arbitral tribunal

Arbitrating trademark disputes generally requires an arbitral tribunal that is familiar with trademark law. No particular technical expertise is required as such, although in more complex trademark disputes, it may be helpful to have in the arbitral tribunal an arbitrator qualified as a trademark attorney. Still, it is generally recognised that knowledge of trademark law allows arbitrators to judge, for example, the similarity of word or even device or combined trademarks.

In addition to their own expertise, the arbitrators may rely on the opinions of experts brought into arbitration by the parties or the tribunal itself.

Production of documents and disclosure

The documentation required for trademark case consideration may include, in particular, the following:

- the trademark in dispute;
- information on the allegedly infringing trademark or the product of the respondent, or both;
- information on the use of the trademark in dispute or a confusingly similar trademark that is allegedly infringing the product of the respondent;

¹¹World Intellectual Property Organization (WIPO), 'WIPO Caseload Summary', www.wipo.int/amc/en/center/caseload.html

¹² WIPO, 'WIPO Domain Name Dispute Resolution Statistics', www.wipo.int/amc/en/domains/statistics



- the prosecution file for the trademark in dispute;
- documents confirming the creation of the trademark in dispute prior to trademark filing;
- documents confirming independent creation of a trademark in dispute;
- survey results confirming, for example, consumers' confusion, the similarity of the trademarks, the trademark's fame, etc.;
- trademark-related agreements concluded by the parties;
- expert opinions confirming, for example, the similarity of the trademarks;
- evidence of intensive use of the trademark in dispute by the parties;
- evidence of the value of the trademark in dispute; and
- information on the availability of witnesses and experts (including biographies).

As the volume of evidence (e.g., confirming the trademark's fame in a number of jurisdictions) may be very substantial, facilitation of the trademark arbitration process may be achieved by the early exchange of core documentation. The key facts (e.g., ownership, the relationship between the parties and the chronology of infringement) must be brought to the attention of the arbitral tribunal as early as possible so that the tribunal arrives at the evidential hearing with a good understanding of the case.

Injunctive relief

Injunctive relief is regularly sought in trademark disputes. The reason goes far beyond a claimant's need to prohibit the use of a particular trademark in relation to the goods or services of the respondent and the respondent's affiliated businesses to prevent damage to the claimant. Use of an identical or confusingly similar trademark may lead to:

- reputational risks for the claimant arising from the consumers' confusion if the respondent's goods or services are not of a good quality;
- dilution of the claimant's trademark, harming trademark perception by consumers and resulting in blurring and tarnishing; and
- a decrease in the distinctiveness of the claimant's trademark, which may serve as grounds for trademark revocation.

In other words, from the perspective of the rights holder, the sooner the infringing trademark use is stopped the better.

Although in many jurisdictions (e.g., Germany and the Netherlands) obtaining injunctive relief before the state courts is feasible, in other countries (e.g., the countries of Eurasian Economic Union) the state courts more rarely grant PIs in trademark cases. Various arbitration rules, however, provide for such an opportunity. For example, under the WIPO Rules, urgent interim relief is available within emergency relief proceedings applicable to arbitration conducted under arbitration agreements entered on or after 1 June 2014.¹³

While seeking a PI in a trademark dispute, it is extremely important to present to the arbitral tribunal the whole spectrum of reasons (including those described above) substantiating an urgent need for a PI.

Tribunal-appointed experts

While in patent disputes it is hard to go without experts skilled in the art in dispute, in trademark disputes there may be situations where the arbitral tribunal may feel sufficiently comfortable about the rights in question to adjudicate the case without relying on experts. This is especially because in many trademark infringement disputes, the similarity of brands is often tested through consumer surveys and not on the basis of expert opinions.

¹³ Article 49 of the WIPO Arbitration Rules, effective from 1 July 2021



Still, experts in national trademark law will be needed when it comes to trademark validity issues related to the party's trademark portfolio in various jurisdictions. Experts in accounting may assist with review of documentation relating to royalty calculation and payment under trademark licensing or franchising agreements.

When it comes to trademark infringement and the issue of the presence or absence of confusing similarity of trademarks, the arbitral tribunal may decide to go without experts. This may be the case where the word trademarks are identical or almost identical. A fair conclusion may be reached more easily where one trademark is famous and the second is a parasite brand.

When the conflicting word trademarks are not famous, however, and not identical (e.g., their first letters differ), it may be difficult to make a decision without taking into account additional evidence (e.g., the results of consumer surveys) or linguistic experts' opinions on trademark similarity, or both. In the latter scenario, surveys may appear to be more sound evidence as they may help the arbitral tribunal to see the bigger picture (i.e., the perception of the trademarks by consumers). When it comes to device (logo) and combined trademarks, the designer's opinion may be helpful. Still, since the trademark law in the majority of jurisdictions approaches trademark similarity from the perspective of consumers' confusion, the final decision would remain at the arbitral tribunal's discretion.

Arbitration is a favoured option for resolving IP disputes because it balances the interests of both parties equitably and ensures confidentiality and consensual settlement. The law in India currently holds that IP disputes are arbitrable only if the question before the panel is concerned with in personam rights (rights concerning one private party versus another private party).

However, disputes concerning rights in rem (right of a party versus all other third parties) cannot be decided by arbitration (*Booz-Allen & Hamilton Inc v SBI Home Finance Ltd*)¹⁴ Therefore, for trade mark law, disputes between private parties relating to contractual issues such as term of licence or assignment; royalty rate and so on can be resolved through arbitration as these are in personam rights. However, where the ownership, existence or validity of trade mark are in question, or relief for infringement is sought, this issue cannot be adjudicated through arbitration, as it is an issue in rem. Domain name disputes are frequently resolved through arbitration. Apart from arbitration as per the Uniform Domain-Name Dispute Resolution Policy (UDRP) under ICANN, arbitration is also available for .IN country code TLDs which are conducted by the National Internet Exchange of India (NIXI) following the .IN Domain-Name Dispute Resolution Policy (INDRP). The award of the Administrative Panel is binding.

CASES OF ARBITRATION

Volvo Trademark Holding AB v. Cosmos¹⁵,

The Complaint was filed with the WIPO Arbitration and Mediation Centre (the "Centre") on August 15, 2003. On August 18, 2003, the Centre transmitted by email to Intercosmos Media Group d/b/a directNIC.com a request for registrar verification in connection with the domain name at issue. It has been held that actual or constructive knowledge of the Complainant's rights in the trademarks is a factor supporting a finding of bad faith.

Vanguard Trademark Holdings USA LLC v. Jameel Fort nationalcarrental. mobi¹⁶

The Complaint was filed with the WIPO Arbitration and Mediation Centre (the "Centre") on November 17, 2008. On November 18, 2008, the Centre transmitted by email to GoDaddy.com, Inc. a request for

¹⁴ Civil Appeal No. 5440 of 2002, Supreme Court of India

¹⁵ 2003 SCC OnLine WIPO 627

¹⁶2009 SCC OnLine WIPO 25



registrar verification in connection with the Disputed Domain Name. On November 18, 2008, GoDaddy.com, Inc. transmitted by email to the Centre its verification response confirming that the Respondent is listed as the registrant and providing the contact details. In this case the facts show that Respondent knew of Complainant and its famous NATIONAL CAR RENTAL mark at the time it registered the Disputed Domain Name and that Respondent intended to use the Disputed Domain Name to trade off this fame and associated goodwill. Respondent was not authorized or licensed to use the National Marks for any purpose whatsoever. Nevertheless, Respondent registered the Disputed Domain Name, which is identical to Complainant's famous mark NATIONAL CAR RENTAL. Because Respondent is not using the Disputed Domain Name for any legitimate non commercial use, Respondent's unauthorized and unlicensed registration of the Disputed Domain Name with knowledge that it was infringing of Complainant's trademark is evidence of Respondent's bad faith.

MEDIATION AND TRADEMARK DISPUTES

According to a recent survey, the total number of trademark applications that are being examined by the trademark office has increased tremendously with almost two hundred and twelve percent. The use of intellectual property has been on a rise and due to which the disputes are also rising which is creating a huge amount of pressure on the judiciary. The judiciary is overburdened with backlog cases and therefore, to solve a case, it takes a years. Intellectual property is still a niche area where heavy research is required and the Indian judges are not well acquainted with the subject matter. Trademark is generally granted for a period of ten years¹⁷ and long litigation may prevent the rightful parties to use it properly and to its fullest advantage after spending a plenitude of wealth starting from research and innovation of the mark to getting it registered. Behind any intellectual property, there is a tremendous amount of research and a lot of sensitive information which can come in the public domain during the course of litigation. This information can be used by the competitors at the disadvantage of the parties at dispute. Another point to be noted is that the parties at dispute may have a business relationship such as that of licensee prior to the existence of the dispute. In this type of situations, the parties would generally want a mechanism which would be less aggressive than litigation so that there a scope of working together in the future. The solution to this problem is mediation which is a private settlement, a closed-door negotiation; which allows the parties to negotiate to have full knowledge of their weakness, strengths and the ulterior motive or object to come up with amicable settlements and even innovative solutions to the problems at hand. Through this method, the parties' privacy and confidentiality are maintained. In the case between Adidas and Forever¹⁸, Adidas had accused Forever 21 of using the classic trademark of "three stripes". This dispute was resolved amicably out of court via mediation and negotiation. The particulars of the case were kept out of media. This maintained the privacy and confidentiality of the case. Mediation is a speedier solution that litigation and mediators who have a sound knowledge of the subject matter and dispute can lead the mechanism of mediation which shall help the parties to have a clear understanding of their problems. The usual cost of intellectual property litigation is more than \$ 500,000 which may exceed \$1 million. This cost involved can be reduced by way of mediation.

The advantages of mediation and the steps were taken by the countries around the world

¹⁷Trade Marks Act, 1999; Act no.47 of 1999 § 25

¹⁸Ashley Haines, Hypebae, July 21, 2017, Adidas is suing Forever 21 for using this stripe design, <https://www.businessinsider.com/adidas-is-suing-forever-21-for-stripe-design-2017-7?IR=T>



Mediation is gaining more and more popularity in resolving trademark disputes. Recent studies and surveys have shown that mediation settlement rates for intellectual property rights are as high as 70%¹⁹. The advantages of mediation are plenty which has been discussed explicitly in the above paragraph. The countries around the world are also recognizing its benefits.

- The World Intellectual Property Organization (WIPO) has an arbitration and mediation center that provides an Alternate Dispute Resolution option to parties at the international forum.
- In the United Kingdom, the Intellectual Property Office offers mediation to parties who are at dispute with regard to intellectual property including copyrights, trademark, designs, and patents.
- The Patent Office of Poland and the World Intellectual Property Organization (WIPO) have collaborated to raise awareness regarding Alternate Dispute Resolution. They have also established a common dispute resolution procedure to facilitate mediation regarding objections to the trademark which are pending in the Patent Office. The WIPO also maintains a register who have sound knowledge in intellectual property rights in Poland as mediators. Poland is one of the first countries in the European Union who has come up with this unique solution. In 2011 the Office for Harmonization in the internal market (Trademark and Design) at the European level had launched Intellectual Property mediation services.
- In January 2017 the Turkish Patent and Trademark Office has been empowered to refer to a matter to mediation in cases of Trademark opposition. Turkey has an Act called the Turkish Mediation Act on Civil Disputes which gives impetus to the mediation mechanism.
- In Greece any dispute infringing trademark, copyright, patent and industrial designs initiated before a civil court has to mandatorily have to go through the process of mediation as a condition for the admissibility of the case in the court.

THE TREND OF MEDIATION IN INDIA

In India trademark is governed by the Trademark Act, of 1999. The trademark owners generally have two causes of action that is an infringement and passing off. Usually, the owners go to the civil court for permanent and temporary injunctions. This process usually takes years. When parties finally get frustrated and have no option left then they opt for mediation rather than adopting at first.²⁰ This problem was realized soon and in the year 2002 section 89 was inserted in Civil Procedure Code, 1908 wherein the court was given the power to refer a matter to arbitration, conciliation or mediation where the court feels that there is a possibility of settling the matter amicably.²¹

CASES RESOLVED BY WAY OF MEDIATION IN INDIA AND WORLD

INDIA

In a landmark judgment in the case of **Bawa Masala Co. vs. Bawa Masala Co. Pvt. Ltd. and Anr.**²², the Delhi High Court passed orders for the adoption of a process known as early “neutral evaluation”, in an intellectual property-based litigation suit under the umbrella of section 89 of the Civil Procedure Code, 1908. The Court held that the early neutral evaluation procedure shares the “same features as a

¹⁹ About INTA International Trademark Association Mediation Overview.

²⁰ Madabhushi Sridhar, Lexis Nexis Student Series, Alternate Dispute Resolution, Negotiation and Mediation, 2006, pg .267.

²¹ Code of Civil Procedure (Amendment) Act, 1999

²² AIR 2007 Delhi 284



mediation process...the difference is that in case of mediation the solutions normally emerge from the parties and the mediator makes an endeavor to find the most acceptable solution". This case also highlights the inclination, which Indian Courts have started sharing, towards the involvement of alternative dispute resolution measures in resolving disputes.

The 129th Law Commission Report has made a recommendation to make mediation obligatory for dispute settlement. This was clearly elucidated in the case of **Afcons Infra Ltd v. M/S Cherian Varkey Constructions**²³. **It was further held that all cases related to trade, commerce or contract should be referred to mediation.** Intellectual property rights disputes are mainly commercial in nature.

WORLD

Case 1: Starbucks and Ethiopia²⁴

Ethiopian economy is heavily dependent on the trade of its primary product. Some of the best coffee is produced by this country. Ethiopia wanted to oversee the commercial gain for which it wanted to register the trademark for its coffee. The major export of coffee was done in the U.S. Ethiopia applied for the trademark in the U.S. The United States Patent and Trademark Office approved the registration of Yirgacheffe coffee but refused to register Harrar and Sidamo coffee on the ground that these two names were too generic in 2005 and 2006 respectively. Ethiopia had accused the popular coffee chain Starbucks of attempting to block the registration of the coffees because if Harrar and Sidamo were registered the price of the coffee would have increased and Starbucks had to pay more. This battle went on for about seven years and finally, the parties settled out of court by way of an agreement that since the main motive for Ethiopia was economic factor, Starbucks would promote the coffee of Harrar and Sidamo where its trademark exist as Starbucks have many branches, franchise, outlets in many countries around the world.

Case 2: Lucky 13 v Taylor Swift

Blue Sphere is a clothing company that owns "Lucky 13" trademark. The company filed a suit against the popular singer Taylor Swift for infringing their trademark by selling her fan merchandise with the mark "Lucky 13". Taylor Swift had claimed that she was being harassed as 13 meant just a lucky number for her. The case was settled out of court by way of mediation and the entire case was kept confidential. This saved both the parties from a long battle at the court.

Case 3: Rooibos case²⁵

Rooibos bushes that have great medicinal and nutritional value are found in the mountains of South Africa. This plant has been used for generations by the tribe but was unknown to the rest of the world until 1772 when locals of South Africa offered tea made of rooibos plant to Swedish Botanist Mr. Carl Thunberg. He went back and wrote a book about it. This was rediscovered in 1904 by Mr. Benjamin Ginsberg. He started trading this tea and soon it became popular. It was even called the "Mountain tea". On the other hand, Ms. Annique Theron from South Africa discovered that the tea had a soothing and calming effect on people. On further research, it was found that it could be used for this plant could be used for treating skin ailments. She wrote a book about it. A company Forever Young introduced many products that were made of the rooibos plant. This was a huge success. Ms. Theron filed for a trademark of the word "Rooibos" in the United States in 1993 and it got registered a year later. A company named Rooibos Ltd. with the South African government objected to this as the word rooibos was too generic a term in South Africa. The dispute continued. Forever Young Company sued many small tea companies

²³ Afcons Infra Ltd v. M/S Cherian Varkey Constructions, (2010) 2010 (8) SCC 24

²⁴ The Coffee War: Ethiopia and Starbucks story, WIPO, <https://www.wipo.int/ipadvantage/en/details.jsp?id=2621>

²⁵ <https://www.wipo.int/ipadvantage/en/details.jsp?id=2691>



with the name "Rooibos" and asked for the US \$5,000 as compensation. Many small companies changed their name to "Red tea" which caused much confusion among the consumers. After nearly ten years of this dispute and spending nearly \$ 1 million in legal fees, in 2005 both the companies reached a settlement via negotiation and mediation. Both companies gave up their registration as a trademark and used it as a generic word so that everybody could use it.

Case 5: Apple v Apple²⁶

The Beatles band had been very protective of their intellectual property rights and that is why they formed Apple corps to protect these rights. In the year 1980, George Harrison found a young company named Apple Computer which was similar to Apple Corps. A case was filed initially but the matter was settled out of court. The agreement in 1981 was that both parties could use "Apple" as their trademark but Apple computers should stay away from the music business and vice versa. After nearly ten years the parties again had a dispute between them. New musical hardware was available on Apple computers which were objected by Apple Corps as they had agreed to stay out of music business according to the earlier agreement. This time also the parties settled out of court and Apple Computer agreed to pay \$26.5 million to Apple corps so that it can continue to use the music hardware. The music industry changed drastically technology-wise with the advent of iPods and iTunes. Both of which were produced by Apple Computers. This again violated the previous agreement. Again a case was filed. Again the parties opted for out of court settlement. Forbes Magazine reported that the two companies "are close to a settlement that would dwarf the \$26.5 million paid in 1991. It could be the biggest legal settlement in legal history' according to one lawyer," excluding class action suits. It was settled that Beatles catalog would be available on Apple iTunes or iPods. The entire case shows that there were many differences between both parties but they still preferred to stay out of court to work out a plan which would be profitable to both the parties and cost less time and money or legal fees.

CONCLUSION

In conclusion, it is clear that ADR, particularly arbitration and mediation, is superior to litigation for the resolution of the majority of IP infringement claims. ADR is more flexible, more quality, less time consuming, more private, and less expensive. It is important to note that there has been a lot of confusion in India regarding this area of the law, possibly as a result of a lack of parliamentary definition. Arbitration needs to be formalised. The institution should, among other things, create a welcoming environment and offer infrastructure and specialised assistance. Institutionalizing institutions will increase public confidence. People will often turn to arbitration or another form of ADR before going to court. Trademark law has become important in recent years, largely because commercial growth has increased the need to protect trademarks. Interest in protecting trademarks has naturally resulted in disputes between companies intending to expand their consumer base and reputation through marks that others claim. Such disputes have undergone litigation, but the statistics on the length of time and cost of the average trademark litigation show that there may be better alternatives for resolving trademark disputes. ADR has potential to decrease the cost of reaching a resolution by limiting discovery expenses and the costs hiring of experts to teach untrained judges or jurors. ADR can also reach a solution in less than a year, which would save both parties much time considering the lengthy average trial times and the great potential for appeals. Perhaps most importantly, ADR, and especially mediation, allows parties to create their own solutions without trial, and without declaring a winner. Such a solution can be mutually beneficial and preserve ongoing business

²⁶ Apple v Apple, 17 U.S.C.A. §§ 101-810, 1101



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relationships between parties. ADR does have limitations, especially if parties are pursuing permanent injunctions or removal of rights, or if parties want to send a clear deterrent message to potential infringers.