ISSN PRINT 2319 1775 Online 2320 7876
 UGC CARE Listed (Group -I) Journal Volume 11, Iss 12, 2022

The GI Dispute over 'Darjeeling' Tea

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ABSTRACT

The protection of Geographical Indication has become a key IPR concern. This is because GIs usually have distinct characteristics that differentiate them, like such as taste, smell, and texture. This uniqueness also makes the GI goods vulnerable to infringement. Therefore, an effective legal system is essential in order to fully utilise on the commercial potential of GIs. This article aims to explore the challenges within the framework of Geographical Indications, while delving into the dispute of Darjeeling tea. The 'Darjeeling' tea remains in close association with the local communities and is made in the same way as it was made centuries ago. The word 'Darjeeling' tea and its logo have unauthorisedly been represented in multiple countries. It has not only created confusion among consumers but also led to damage tea's goodwill and dilution of its brand image. The Tea Board India v ITC Limited case holds a significant position in Indian IP case history as the first case on geographical Indications in the country, decided by the Calcutta High Court. The Court acknowledged the significance of Geographical Indication (GI) and declined to issue an injunction against ITC Limited, the Defendant, for using the term 'Darjeeling' in ITC Calcutta's lounge area.

Keywords: Geographical Indications, Darjeeling Tea, TRIPS Agreement, Trademarks

Introduction

Over the last two decades, Geographical Indications (GIs) have become increasingly important for safeguarding the unique attributes and reputation of products attributable to specific geographical origin. The protection of Geographical Indications has become a highly debated IPR issue in the domain of WTO's TRIPS Agreement. GIs are known to be the most beneficial form of intellectual property right for developing nations due to their ability to provide incentives to owners of traditional knowledge, and foster the growth of indigenous communities.[1]

According to the TRIPS Agreement, GIs are the 'indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.'[2] Moreover, GIs grant a region, the exclusive right to use a name for a product with particular qualities that are attributable to that specific geographical area. The GI Act, 1999 protects the Geographical Indications of Goods in India. The registration of Geographical Indications is not mandatory, however, if it is registered, it will provide better protection in a lawsuit for infringement. This article aims to explore the challenges within the framework of Geographical Indications, while delving into the dispute of Darjeeling tea.

Concept of Geographical Indications

Traditionally, nations have been protecting the trademarks associated with food items and other products associated with a specific area through legislation to prevent deceptive use of trademarks and other activities of passing-off, that typically guard against false implications that any product possesses specific source, standard, or affiliation. Earlier also, the Geographical Indications were in use even though the specific term was not officially adopted. It was used to associate a specific area with a particular product, to exhibit quality levels, and to highlight benefits derived from that region's reputation.

The Preamble of the GI Act explains that it was enacted with dual objectives; first, the registration of Geographical Indications and second, to confer enhanced protection to them. The initial objective of GI registration is being extensively carried out in India. Scholars, at times, have criticized the registration process of geographical indications, noting that both the applicants and authorities often fail to properly assess the product for registration of GI. The second objective, however, is being relatively ignored, that is , the better protection of GIs. [3] The Geographical Indications Act does not define the phrase 'providing better protection of GIs,' but it can be seen as a measure to aid GI producers in fetching higher prices for their goods. The geographical indication tag acts as a marketing tool and has the ability to establish a brand identity. In the end, the GI registration should result in the socio-economic advancement of producers and the local, tribal, and indigenous communities who are involved in producing the GI product.

GI is an indication for products that have special attributes or reputation attributable to a particular region. Therefore, each GI is associated with a particular geographic area. It serves as proof that the product has specific characteristics and reputation directly tied to its origin. It conveys an excellence and distinctiveness that can only be attributed to its specific geographical location, area, or nation.

Geographical Indication is not a private property and it belongs to the whole community. In nearly all countries, the registration of GI can be obtained by an association of persons, producers or organization. The right obtained through registration of a GI are not regarded as exclusive rights of a person. They are owned by the whole association in question. In many countries, national laws restrict the assignment of GI. The transfer of Geographical Indications, that is, transmission and assignment is prohibited under Sec. 24 of the GI Act 1999. Though the GI cannot be assigned, transferred, licensed, pledged, mortgaged, or included in any agreement, according to Indian law, the rights of an authorized user pass to the successor upon his death. [4]

International Protection to Geographical Indications

The TRIPS Agreement sets out the minimum level of protection for the GIs and extra protection for the wines and spirits.[5] The TRIPS Agreement mandates that WTO member states must adhere to minimum level of protection for Geographical Indications.[6] If a GI is not protected by the nation of its origin, the other nations are not required to give reciprocal protection to that GI, under Art. 22 of TRIPS. However, Art. 23 of the TRIPS offers extra protection to GIs specifically for the wines and the spirits. This indicates that they have to be protected even in the absence of any risk of misleading or unjust competition.[7] Nevertheless, the WTO member states are not obligated to protect Geographical Indications if they are considered generic for the products under the TRIPS Agreement. There is a high probability of abuse of this provision. There is a risk that products well-recognized for their geographic origin, reputation, and unique characteristics may lose protection, and may be labelled as 'generic'. However, Article 24 outlines specific instances where this protection does not apply.

Protection under The Geographical Indications of Goods Act, 1999

As a member of the W.T.O., India enacted the Geographical Indications of Goods (Registration & Protection) Act in 1999, which was enforced on 15 September 2003. India introduced its GI laws to bring the domestic legislations in consonance with its commitments under TRIPS Agreement. The Act provides legal protection to GIs, thereby preventing the unauthorized use of registered GIs. India introduced a sui generis system to protect Geographical Indications by implementing a law specifically focused on protecting GIs. The laws in India for the protection of GIs are 'The Geographical Indications of Goods (Registration & Protection) Act, 1999' and the ' Geographical Indications of Goods (Registration and Protection) Rules, 2002'. By virtue of the GI Act, which became effective on 15.10.2003 along with the Geographical Indication Rules, the Geographical Indications Registry has been set up by the central government in Chennai, offering national coverage for GI registration by holders.

The 'Darjeeling' Tea Dispute

In India's organised manufacturing sector, tea is one of the biggest and most established industries. Approximately one-third of tea worldwide is manufactured in this nation. India is one of the world's topmost tea consuming market as well. Nevertheless, in the export market, Kenya, Sri Lanka, and China are among the major tea-producing countries, giving firm competition to India.[8]

Darjeeling tea, one of the teas produced in India, is known for its unique quality and flavor, as well as its worldwide reputation for over a hundred years. In general, there are two main reasons for its unique and outstanding flavour; where it comes from and how it is processed. The

'Darjeeling' tea has been produced in tea estates in the Darjeeling district of West Bengal for over 150 years. The tea plantations are situated at heights exceeding 2000 meters above the sea.[9] Dr. A. Campbell, the district superintendent, planted some tea seedlings. He planted these seeds close to his home that he had purchased in Kumaon highlands of North India during the British colonial era during eighteenth century. It was the time when the Darjeeling tea was first planted. The success of the tea nursery pleased the British government, which made the decision to construct further tea nurseries nearby. As plantation tea nurseries expanded throughout time and gained renown for its unique traits, development patterns, and reputation, Darjeeling tea gained its legacy.

Need to protect Darjeeling Tea

Legitimate rights holders of Darjeeling tea require sufficient legal protection from the dishonest practices of different commercial entities. Tea from countries such as Kenya, Sri Lanka, or Nepal is frequently misrepresented as 'Darjeeling tea' in various parts of the world. Providing proper legal protection for this GI can greatly help in avoiding such misrepresentation. In the absence of proper legal protection, it becomes difficult to prevent the Darjeeling Tea's misappropriation, both at national and international level. This could lead to other teas being sold as Darjeeling, harming consumers and affecting the Darjeeling tea industry's ability to charge premium prices. The industry is becoming increasingly aware that without proper marketing and branding of Darjeeling Tea, the survival of the industry could be in jeopardy.[10]

Established under the Tea Act 1953, the Tea Board is a statutory authority responsible for regulating the Indian Tea Industry and it owns the geographical indication for Darjeeling Tea, cultivated in 87 gardens within the Darjeeling district. Over the years, the Tea Board has taken legal actions in over 15 cases of unauthorized use and violation of Darjeeling, including a case in Sri Lanka where the importer agreed to comply with the rules.

Efforts by Tea Board for the Protection of Darjeeling Tea

With the creation of the 'Darjeeling' logo in 1983, the Board made its first effort to protect the 'Darjeeling' tea trademark.[11] The Darjeeling logo of the Tea Board was protected under the Indian Trade and Merchandise Marks Act, 1958 as a certified trademark. The 'Darjeeling' logo was conferred registration under class 30, in 1986. Moreover, the logo was also registered as a trade mark in a number of other nations in the same year.[12]

Protection to Darjeeling Tea under the GI Act 1999

At that time, in India, there was no specific law exclusively for the protection of GI's, hence, 'Darjeeling' was registered under the Act of 1958 in class 30, in 1998. In September 2003, the GI Act was brought into force in India, and in October of the same year, the Board sought Geographical Indications protection for 'Darjeeling'. In October 2004, Darjeeling became the first product in India to receive the GI status, making it the inaugural GI registration in the country.

The Board encountered numerous problems, and challenges in its efforts to safeguard and uphold the use of the Darjeeling logo.[13] The following list includes some of the main obstacles the Tea Board has had to overcome to safeguard the word 'Darjeeling' and 'Darjeeling' logo in US, Russia, France, Japan, and other nations.

(i) In the first case, on November 29, 1996, the Japanese Patent Office (JPO) received a trademark registration number 3221237 from the Tea Board, which filed a case against International Tea KK, a Japanese company, for the registration of the Darjeeling logo mark, which is Darjeeling women device "serving tea/coffee/coca/soft drinks/fruit juice." It is important to note that on July 31, 1987, the Tea Board had already obtained registration[14] of the same 'Darjeeling' mark in Japan.[15] This registration was granted in spite of this. Additionally, the Tea Board filed for cancellation of registration on the ground of non-use. On 28th August, 2002, the J.P.O., Board of Appeal declared the trademark registration to be void as it stood against 'public order and morality'. Moreover, the J.P.O. granted the Tea Board's appeal for the non-use cancellation action because International Tea KK did not provide any evidence regarding the use of mark.

(ii) In another case, Tea Board of India v. Mitsui Norin KK, the Tea Board filed an opposition against the application filed by Mitsui Norin KK of Japan, for "Divine Darjeeling" in class 30, which was published on February 29, 2000.

There were 3 grounds on which the opposition was made:

(a) Since 'divine' seems a laudatory word, and the protection is sought for 'Darjeeling', which is non distinctive in nature;

(b)When it comes to 'coffee and cocoa produced in Darjeeling', 'Divine Darjeeling'is deceptive, especially considering that none of these products are produced in the Darjeeling district;
(c) According to international agreements like TRIPS, 'Darjeeling tea' is a geographical indication and should be protected in Japan, being a TRIPS member.

The Tea Board of India initiated an invalidation action, but the Japan Patent Office Opposition Board dismissed it mainly as the mark 'Divine Darjeeling' as a whole, was neither deceptive nor it described the nature of the goods. However, the action for cancellation due to non-use turned out to be successful since the registered proprietor could not provide adequate documentation to support the mark's use in Japan.

Tea Board, India vs. I.T.C. Limited[16]

The Tea Board India v. ITC Ltd. provides important insights into the implications of the infringement and dilution of the Geographical Indication. In the present case, the plaintiff, the Tea Board India, owned two certification trade marks for tea that were registered under Class 30 of the Trademark Filing Classification.[17] One 'certification trademark' was a word 'Darjeeling'[18] and the second mark was a devise portraying a lady embracing two leaves and a bud of tea in her hand, and the word "Darjeeling" is written on the left side of the picture. [19] It is worth mentioning that in 2003, same 'Darjeeling' mark was registered as a GI by the plaintiff under the Geographical Indications Act.[20]
The Board learned about the alleged infringement after ITC Ltd. sought to register the trademark "Darjeeling Lounge" in Class 41 and the application was published in Trade marks Journal.[21]
Later, the Board found that Lounge was offering customers food, drinks, and other consumables for commercial reasons. It was inherently a restaurant in terms of both, its nature and the way it operated.[22] The Tea Board filed a lawsuit against ITC Ltd., a top Indian company known for running several high-end hotels in India, for branding its renowned luxury hotel in Calcutta as 'The Darjeeling Lounge.'[23] The main argument of the Board was that using the term 'Darjeeling' by ITC Ltd., was a infringement of its GI. The Board stated that not only did ITC Ltd. openly violate the Board's Certification Trade Marks and the Geographical Indications , but they were engaged in the 'passing-off' of these marks as well. As last argument, Board asserted that labeling the lounge as 'The Darjeeling Lounge' and conducting business activities was dilution of 'Darjeeling' brand.

While, the ITC argued that rules of the Geographical Indications Act could apply only to products, while the Lounge was offering just services to the consumers.[24] Similarly, ITC Ltd. argued that the provisions safeguarding Certification Trademarks for a product do not apply for services. The Defendant's last argument was whether the Geographical Indications Act applied retroactively, as they argued for exemption since the hotel in question was operating prior to 2003, before the Act was implemented.[25]

IJFANS INTERNATIONAL JOURNAL OF FOOD AND NUTRITIONAL SCIENCES
ISSN PRINT 2319 1775 Online 2320 7876
 UGC CARE Listed (Group -I) Journal Volume 11, Iss 12, 2022

The Division Bench of High Court of Calcutta, through its pronouncement dated August 24, 2011, affirmed the decision given by a single Judge on April 20, 2011.[26] The Court denied Tea Board India's application for an Interlocutory Injunction against ITC Ltd.'s use of the word "Darjeeling". The Division Bench's decision can be said to be effective both in terms of facts and legal principles as well, and can be celebrated as a pioneering ruling as it effectively resolved various issues regarding GIs.

The Board argued that ITC Ltd. was engaged in unfair competition by using the mark "the Darjeeling Lounge", and misleading the public to think that tea was served from Darjeeling under the aegis of the Tea Board.[27] The ambit of 'passing-off' is extensive, encompassing the protection of unregistered tradenames and unregistered trademarks. [28] The action for passing off and infringement of trade marks differ fundamentally; the former needs an implied use the trademark without explicit use, while the latter necessitates actual or distinct use of the mark. It, therefore, can be said that passing off is inherently more unstable than trademark infringement. [29]

Regarding the passing-off allegation, the Court held that the complaint did not establish a legal claim because the Tea Board is neither a tea trader nor it is in the hospitality business; hence, it would be wrong to state that ITC is attempting to represent itself as Tea Board's agent or authorised representative by designating one of its lounges as Darjeeling Lounge.

Regarding the GIs, the Court affirmed the Single Judge's judgment, by contending that the Geographical Indications Act, that aims to protect indications attributed to quality, reputation, or other features specific to their geographic origin, can not be applied to any right in a geographical word, such as 'Darjeeling' as that might conflict with the objectives of the Geographical Indication Act. The Court further determined that ITC's use of the word 'Darjeeling' does not make any false claim that the tea served by them is produced in Darjeeling.

CONCLUSION

The purpose of the GI Act is to protect consumers and prevent deception regarding the origin of goods by preventing unauthorized use of GIs. Hence, an owner of trademark or GI owner cannot take legal action against a third party using a similar trademark or GI for goods or services not included in the owner's registration, if there exists any chance of consumers being confused about the product's origin. In the above-discussed case, the Defendant used the trademark 'Darjeeling' for a lounge space that offered a variety of drinks. Only a small group of individuals had access to this lounge. Therefore, it is unlikely that the general public will get confused about the source of the goods or services offered by the Defendant if they use the name 'Darjeeling' for the lounge area.

Moreover, a reading of the provisions of the GI Act reveals that its intention was to restrict the Act's scope to include only products. This decision also made clear what cannot be claimed against the rights provided by Geographical Indications and certified trademarks.

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[1] Lisa P Lukose, "Rationale and Prospects of the Protection of Geographical Indication: An Inquiry" *JIPR* Vol. 12 (2007) p. 212

[2] Article 22.1 of the TRIPS Agreement

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[3] Y. Pai & T. Singla, "Vanity GIs: India's Legislation on Geographical Indications and the Missing Regulatory Framework" in I. Calboli & N. Wee Loon (ed.), 'Geographical Indications at the Crossroads of Trade, Development, and Culture' (CUP 2017).
[4] Section 24, The Geographical Indications of Goods (Registration & Protection) Act, 1999.
[5] Srivastava Suresh, "Geographical indications and legal framework in India", *EPW* (Sept. 2003), pp. 4022-4033
[6] Article 22-24, the TRIPS Agreement.
[7] Article 23, the TRIPS Agreement.
[8] S. C. Srivastava, "Protecting the Geographical Indication for Darjeeling Tea" Managing the Challenges of W.T.O. Participation: 45 Case Studies, WTO (2005).
[9] Darjeeling, Tea Board India. Available at: https://www.teaboard.gov.in/TEABOARDCSM/NQ==
[10] Sudhir Ravindran & Arya Mathew, "The Protection of Geographical Indication in India – Case Study on 'Darjeeling Tea", *International Property Rights Index* (2009)
[11] "Managing the Challenges of the Protection and Enforcement of Intellectual Property Rights", WIPO, Available at: https://www.wipo.int/web/ip-advantage/w/stories/managing-the-challenges-of-the-protection-and-enforcement-of-intellectual-property-rights
[12] The UK, the USA, Canada, Japan, Egypt, and many other European Countries.
[13] Anirudh Chandrashekhar, "Indian Law Relating to Geographical Indications: Making New Inroads? – A Comment on *Tea Board India v. ITC Limited*" *NALSAR Student Law Review* (2012)
[14] Registration number 2153713
[15] Supra note 8.
[16] MANU/WB/0277/2019
[17] As per NICE Classification, there are 45 classes for the registration of goods and services. Class 1 to 34 are for the goods and Class 34 to 45 are for services.
[18] TM No. 831599.
[19] Trademark No. 532240.
[20] The 'Darjeeling' tea was the first in India to be registered as a Geographical Indication. The GI word and device were registered as GI Nos. 1 and 2.
[21] CS No.250 of 2010.
[22] *Id*., at p. 5
[23] *Id*., at p. 6
[24] Id., at p. 13
[25] ITC commenced operations from December 31, 2002, while the Geographical Indications Act was enforced on 15th September 2003.
[26] *Supra* note 22.
[27] *Id*., at p.12
[28] B.L. Wadehra, *"Law Relating to Intellectual Property",* LexisNexis, 5th ed. (2016).
[29] *Supra* note 22, at p. 18