

**PHONEPE PVT. LTD. V. EZY SERVICES & ANR.: A PRIMER FOR FUTURE  
TRADEMARK DISPUTES**

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***Abstract***

*A term or phrase must not be generalized or a ubiquitous term in business, nor can it be identifiable by consumers as denoting the type/ standard/ persona/ deliberate objective of particular goods/services, as per Indian trademark legislation. The regulatory framework's objective and mandate is to assist businesses by allowing them to take control of their branding and offerings. It's possible for two or even more businesses to share a remarkable likeness in terms of title, symbol, style, and other elements. It is critical to eliminate any prospective discrepancy at this juncture, both for the sake of ownership entitlements and for the good of customers who could be confused as a result of the overarching confusion. When the two companies in question operate in the same industry or provide services that are equivalent, the mounting worry is compounded. The PhonePe vs. BharatPe conflict was a recent example of this type of dispute. Both companies offer comparable online services, and owing to the suffix 'Pe,' one may simply be mistaken with the other. This situation hampered corporate rivalry and caused more perplexity than was initially assumed. The author, through the following case comment, will aim to decode the logical inference arrived at by the single-judge bench. In furtherance, an analysis will be made on the three-pronged approach taken by the bench in order to arrive at a conclusion in a more cogent manner.*

**KEYWORDS:** *Trademark, Confusion, Suffix, Dispute*

**INTRODUCTION**

A single-judge bench of the Hon'ble Delhi High Court presided over by Hon'ble Justice C. Hari Shankar, resolved a commercial suit<sup>1</sup> involving 'PhonePe' and 'BharatPe' regarding whether using the suffix 'Pe' in the name 'BharatPe' mark effectively amounts to an infringement of 'PhonePe', a registered mark. The plaintiff was PhonePe Pvt. Ltd. and the defendant was Ezy Services & Anr. The hearings in this matter concern an interim request for an interlocutory injunction pursuant to the Civil Procedure Code's Order XXXIX Temporary injunctions as well as interlocutory orders Rules 1 and 2. The plaintiff has filed a petition in the Delhi High Court against the defendant, requesting an injunctive relief as well as other recourses to prevent the defendant from using the suffix "Pe" or any misleading mark identical or better to the plaintiff's mark 'PhonePe.' In relation to payment processing services or in some other way that amounts to trademark infringement by the plaintiff. Both sides are providers of online payment services. The plaintiff collaborates both with businesses and customers, but the defendant only deals with businesses.

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<sup>1</sup> IA No. 8084 of 2019 in CS (COMM) No. 292 of 2019, decided on 15-4-2021 (Del).

The court rejected the request and declined to grant an interlocutory order against the accused persons, correctly holding that stakeholders cannot misconstrue explanatory terms in order to assert distinctiveness over them, particularly during this prima facie juncture, until there is abundant evidence that any such spelling mistake has procured similar meaning through consistent commercial usages, that is, meaning other than the original meaning, which even the High Court has declared to be a statement of fact.

### **THE ANTI-DISSECTION RULE**

The question remains as to whether trademarks should be compared in their entirety. The plaintiff still had not individually registered elements of the 'PhonePe' mark, according to the court. Section 17(1)<sup>2</sup> of the Trademarks Act, 1999 "specifically accords" unique rights to use the entire trademark, while Section 17(2)<sup>3</sup> reaffirms that the enrolment of a composite trademark does not confer unique entitlement over any aspect of the said registered trademark which was not the subject of a separate proposal or enclosed any term or phrase that was frequent to the trade or was non-disruptive. The court cited the Supreme Court's decision in the *Kaviraj Pandit Durga Dutt Sharma*<sup>4</sup> matter, which said that trademarks must be examined holistically. The court cited *The Registrar of Trademarks v. Ashok Chandra Rakhit Ltd.*<sup>5</sup> and *Stiefel Laboratories, Inc & Anr v. Ajanta Pharma Ltd.*<sup>6</sup> as precedents for this 'anti-dissection' approach. When comparing contradictory composite marks, focus at them as a whole instead of dissecting them down into their component pieces for comparability. This is referred to as the "anti-dissection" principle. The rule is based on the fact that a composite trademark's economic perception on an average potential customer is produced by the mark overall, and not by the constituent parts. As a result, any marks that are in dispute should be analysed in their totality.

### **THE DOMINANT MARK TEST**

The legislation on the prominent mark test was examined by the court. The matter of *South India Beverages*,<sup>7</sup> which was decided by a Division Bench of the Delhi High Court, was cited by the court. The court has articulated the 'dominant mark' criteria in *South India Beverages*. While a trademark must be assessed overall, the court concluded that within the case of composite marks, significance or 'dominance' might be given to components of a mark, and where a single element achieves predominance over other components, it is indeed a 'dominant mark.' Whilst the simple principle pursuant to Section 17 of the Trademarks Act requires the court system to assess marks overall, the court also had to evaluate the relative prominence of components of a mark. The question was if any portion of the plaintiff's mark was predominant or vital, and if it is, whether or not the defendant caused an infringement on that

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<sup>2</sup> Trademarks Act, 1999, §17. cl. 1.

<sup>3</sup> Trademarks Act, 1999, §17. cl. 2.

<sup>4</sup> *Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories*, 1965 AIR 980.

<sup>5</sup> *The Registrar of Trademarks v. Ashok Chandra Rakhit Ltd.*, 1955 AIR 558.

<sup>6</sup> CS(OS) No. 2373/2013

<sup>7</sup> *South India Beverages Pvt. Ltd. v. General Mills Marketing Inc.*, 2014 SCC OnLine Del 1953.

dominant element. In reality, the court found that the contention that 'Pe' was a prominent component or essential characteristic of the marks had merit, notably since it was spelled with a capital 'P.'

### **EXPLANATORY OR COMMON MARKS OR PORTIONS OF MARKS ARE NOT EXCLUSIVE**

The issue concerns the defendant's mark's ambiguous or misleading likeness. Although uniqueness cannot be asserted in portions of a registered trademark, the court stated that replicas of the prominent or important aspects of these marks can be considered an infringement. It further asserted that illustrative or conventional marks (or elements of them) are not always unique or exclusive and that misspellings of descriptive phrases do not confer exclusivity. The court went on to say that if the plaintiff could show that the suffix "Pe" had gained individuality and secondary connotation, it could have been able to demonstrate infringement. In the matter of *Marico Limited*,<sup>8</sup> the court delves into the construct of a descriptive mark's procured secondary meaning, asserting that "Courts must normally tilt against holding uniqueness of an explanatory trademark unless consumer of such mark is over a very significant period of time of several years that somehow an explanatory word mark is undeniably and only likeable to one source.

The Marico case also considered the essence and character of a spelling mistake when it is used as a mark, concluding that "if partially reworked explanatory words or phrases of English language are asserted to be invented phrases, the same could lead in a serious and ludicrous scenario since a non-tweaked term being such a totally descriptive word would, in fact, be identical or confusingly similar to the reworked descriptive English language term or phrase as to which authorization is procured."

### **CONCLUSION**

The court decided that there would be no reason to issue the defendants an interlocutory injunction. Excluding the generic term "Pe" (suffix), the court found that the trademarks "PhonePe" and "BharatPe" are not ambiguously or substantially similar. With exception of the suffix "Pe," these really are two distinct nouns with no resemblance. This decision sets out to be a primer across all aspects trade mark law, illustrating various legal fundamentals while thoroughly assessing the fundamental tenets thereof, resulting in a significantly enhanced understanding while also offering professionals with a template of judicial precedents and rulings — which can be useful to all aspiring lawyers in modern usage.

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<sup>8</sup> Marico Ltd. v. Agro Tech Foods Ltd., 2010 SCC OnLine Del 3806.