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Sample Legal Reasoning Questions for CLAT 2024

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Questions 1-5: Answer based on the following passage.

The Delhi High Court has observed that Google cannot absolve itself from the liability of ensuring that a keyword is not an infringement of a trademark. Justice V Kameswar Rao also observed that allowing individuals who are not owners of a trademark to choose a keyword which is a trademarked term or use parts of the trademark interspersed with generic words in the Ad-title or Ad-text may constitute an infringement of a trademark or its passing off.

The Court also opined that the use of trademarks as keywords amounts to “use” in the course of trade in terms of the Trademarks Act. It was the plaintiffs’ case that several third party infringers use the services of Google for inserting their infringing advertisements when a user on the internet looks for them by typing “Agarwal Packers & Movers”.

According to the plaintiffs, despite having decrees in its favour against third parties, Google did not stop the use of infringing advertisements on their platforms. Example was given of a company called Agarwal Packers India (Agarwal Express Links Pvt. Ltd.) against whom a decree was passed, however, according to the plaintiffs, it continued to appear in the keyword, Ad-title and URL of Google.

On the other hand, counsel appearing for Google submitted that Google Ads program is an advertising service where any advertiser can create and display an online advertisement in relation to its website, including search-based advertising on the Google search engine. According to Google, its Ads program merely provided an advertising platform and interface for creating and placing an Ad on Google Search and that a keyword provided by the advertiser is treated just as a backend trigger for an Ad to be displayed and is never used in a trademark sense.

It was also submitted that Google Ads Trademark policy is aligned with global legal precedent, finding that a mere use of a trademark as a keyword, without more, does not amount to infringement or unfair competition. The Court was of the view that an infringement of a trademark can be by way of spoken use which is different from printed or visual representations of the mark and an invisible use of the mark can also infringe a trademark.

Adding that Google sees the quality of the landing page which is primarily the website of the advertiser which may or may not have displayed the infringed trademark, the Court observed thus: "...under the AdWords Program they also see the landing page i.e., website of the advertiser, which in a given case shall have the infringing trademark, which is also used as a keyword, in such a scenario, Google cannot absolve themselves from the liability of ensuring that the keyword is not an infringement of trademark."

Google was also directed to investigate and review the overall effect of an Ad to ascertain that the same is not infringing or passing off the trademark of the plaintiff.

1. Agincourt Packers and Movers files a trademark for their business. Agincourt Co., a juice production firm, begins to sell in the market. Searching "Agincourt Juices" on Google gives access to Agincourt Co. and not Agincourt Packers. The Packers sue for trademark infringement. Will they succeed?

- a. Yes
- b. No
- c. Yes, because the names are very similar and Google does not adhere to trademark rights.
- d. No, since they work in different markets.

2. What are some logical arguments against the Court's decision in this case?

- a. Trademarks do not apply to digital markets.
- b. The use of keywords as trademarks does not amount to "use".
- c. Indians are unique and their legal policy must be distinct from the global one, which is dominated by Western interests.
- d. All of the above.

3. Mahesh owns a billboard in Mumbai. Johnson and Family approaches him to place an ad about their new shampoos. Johnson & Johnson, the famous company, sues Mahesh and argues that his advertisement violates their Indian trademark. Decide.

- a. Mahesh is liable.
- b. Mahesh was merely providing a platform for the company and not committing any violation personally, so he cannot be liable.
- c. Mahesh was not in the business of using keywords, so he cannot be liable.
- d. Both (B) and (C).

4. If Agarwal Packers did not have a favourable decree against the impostors, would the Court's decision have been the same?

- a. Yes.
- b. Yes, since a trademark does not have to be mandatorily registered.
- c. Both (A) and (B).
- d. No, since no trademark would exist.

5. What is the purpose of trademarks?

- a. To protect competition.
- b. To exclude competition.
- c. To protect innovation.
- d. To exclude innovation.

Questions 6-10 : Answer based on the following passage.

In a recent judgment, the Supreme Court validated the pre-existing construction made by a Project Proponent, based on the Environmental Clearance (EC) obtained as per the legal framework that existed at the relevant time, invoking the principle of legitimate expectation. However, the Apex court directed further construction to be carried out only after obtaining fresh EC under the existing environmental regime.

On the strength of *Hong Kong v. Ng Yuen Shiu* (1983) 2 AC 629, *Sethi Auto Service Station v. Delhi Development Authority And Ors.* (2009) 1 SCC 180 and *Food Corporation of India v. M/s. Kamdhenu Cattle Feed Industries* (1993) 1 SCC 71, the Court asserted that the matter would be a perfect case for invoking the doctrine of legitimate expectation. It held: "The principle of the rule of law as explained in *De Smith's Judicial Review*, such as, Regularity, Predictability and Certainty in Government's dealings with the Public, must operate in the present matter. The Project Proponent can legitimately expect a certain degree of stability in the manner in which the environmental regime is set and how the applications are processed. The actions of the authorities

are expected to adhere to the prevalent norms only, without the element of uncertainty for the executed project.”

Considering that the Appellant had acted on the EC and made substantial investments, the Court was of the opinion that they cannot be pushed to a precipice and be made to fall. The same was thought to have been inequitable given the fact that the Appellant had acted within the legal framework of the environmental regime as existed at the relevant time. Additionally, the Court noted that third party rights have also been created.

Endorsing the order of the NGT the Court held that the already constructed four buildings would be treated as valid, however for future construction in the sanctioned layout, the Appellant ought to obtain a fresh EC from the competent authority as per the current regime.

6. Devmetro Inc. is a world-famous builder. Devmetro undertakes to build the Sky Metro Super in India, the world’s first project of this sort. They receive Environment Compliance in 2030 for the project. After 15 years of building, they realise that the original structure is infeasible and decide to make minor changes. The Government intervenes, arguing that they do not have EC for the same. Devmetro argues that they received general EC in 2030 itself, and in any case minor changes would not have an impact on the environment.

- a. The EC in 2030 was of a general nature and so applied to all subsequent changes.
- b. Since the change is very minor and will not affect the assessment, there is no need to get a new EC.
- c. Devmetro’s entire project is illegal since the minor addition has tarnished it.
- d. Devmetro must get a new EC for the minor addition.

7. Alsatia is a small coastal country in the Horn of Africa. Because it lacks resources, Alsatia has historically attracted business only due to its lax environmental and labour standards. While this has led to an increase in wealth and booming of jobs, there has been extensive pollution of beaches, ruining of water sources, and massive air pollution.

With this in mind, the Green Party was voted into power in 2018. They ran on a platform of environmentalism and keeping polluting corporations in check. One of their first targets was the Great Dalmatian Dam on the River Eron. After passing updated environmental standards that were in line with global standards, the Government of Alsatia revoked the license that had been granted to the Great Dalmatian Dam. Dalmatia

Inc., in charge of the project, files a suit against this move. Decide.

- a. The move is illegal.
- b. The move is legal since Dalmatia Inc. should have incorporated global, legally binding environmental standards beforehand. The environmental debilitation that will be prevented is in public interest.
- c. The move is legal since the Green Party cannot be bound by the actions of the previous governments; parties must be allowed to reasonably execute their platforms.
- d. Both b and c

8. What are the conditions for the doctrine of legitimate expectations to apply?

- a. Small amount of investment is sufficient.
- b. The earlier stipulations must be followed in good faith.
- c. The intent of the company during execution during earlier plans is irrelevant.
- d. All of the above.

9. Maverick is a San Francisco-based company that has recently opened an oil rig in India. Maverick begins drilling without EC permission, but it does receive acceptance a few months later after bribing the individuals involved. A few years later, new guidelines are issued and applied retrospectively. Maverick argues that these cannot be applied retroactively, since it had a legitimate expectation and had already invested much into the project and the new guidelines would force them to wrap up work. Decide.

- a. Maverick's plea cannot be accepted since it is in public interest to phase out oil with respect to India's commitment at COP26.
- b. Maverick's plea can be accepted since it is illegal to apply such guidelines retrospectively.
- c. Maverick's plea cannot be accepted since it does not have a valid EC from the very beginning.
- d. Maverick's plea can be accepted since foreign companies are not subject to policy changes.

10. Farhan's Co. is building a massive project near the Satishdhawan Forest. Farhan duly receives EC from the authority and begins work. 2 years later, these are updated. However, Farhan's continues to follow the earlier clearance on the basis of the earlier agreement. Have they broken the law?

- a. No, since the whole project has already been sanctioned.
- b. Yes, further construction must be on the basis of the new EC.

- c. No, since the doctrine of legitimate expectation clearly applies.
- d. Yes, since all changes apply retrospectively

Answers and Explanations

1. (d)

Rationale : There is no trademark infringement here since the two companies operate in different markets.

2. (b)

Rationale : (A) is wrong because trademarks apply in all markets. (C) is irrelevant since the Court's decision seems to not align with international legal precedent.

3. (a)

Rationale : The decision in the Google case can be understood in a wider sense. The Court seems to say that only because the word was being used for advertisement does not absolve the platform owner of liability. That is squarely applicable to Mahesh, who uses a billboard for advertisement.

4. (c)

Rationale : In India, trademark does not have to be mandatorily registered for rights to accrue, although it is encouraged to do so. So, the action would still operate in Agarwal's favour.

5. (c)

Rationale : Trademark exists to protect innovation.

6. (d)

Rationale : Every change has to get a new EC, no matter how minor the company believes it to be. This does not vitiate the entire project, since there was legitimate expectation and the earlier EC applied for the project approved then.

7. (d)

Rationale : (B) is incorrect since the prevailing international norm is not automatically legal in a state's domestic law. Moreover, it is not in the public interest to punish firms for retrospective changes because of legitimate expectation. (C) is incorrect since there is continuity of government

and contractual matters cannot be changed merely because of a change in government. Hence, (A).

8. (b)

Rationale : The Court has clarified that a large investment makes it more likely to apply this standard. Moreover, following earlier rules in good faith may predispose the principle to be applied; and if the company's intent was to dodge any regulation, the Court may not be inclined to rule in its favour.

9. (c)

Rationale : Maverick's license was acquired by fraud and breaking the law. Therefore, since the initial license itself was illegal, Maverick's project cannot be continued in either case. Its arguments against retrospective application assume that the first EC was legal, which was not the case here.

10. (b)

Rationale : The change cannot be retrospective, but the doctrine of legitimate expectation clearly states that subsequent work has to be carried out by adhering to new standards.

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