

The Relevance of Deceptive Marks and Well-known Marks: Perspectives in an Automotive Industry

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ABSTRACT:

Brand is of great value in today's era and is omnipresent. A trademark is a representation of a particular brand and is an important aspect of goods or services in which the proprietor deals with, because in due course of time the trade mark gives recognition to such goods or services. Under this article, the focus would be on automotive industry. The Original Equipment Manufacturers (hereinafter OEMs) and the Dealers in an automotive industry generally share principal to principal relationship with that of the automobile company. In this regard, it is important to know the extent of liability of the parties involved. There had been a number of cases relating to infringement and passing-off by the OEMs and dealers, of trademarks registered in the name of automobile company. Also, in the wake of cases like *Toyota v. Prius* it becomes far more important to understand the broader meaning of well-known trade mark and its territorial as well as universal nature. The learning objective of this article is to study the trade mark perspectives in automotive industry and get an insight on the concept of deceptively similar trade mark and well-known trade mark in India through relevant provisions of trade mark law and case analysis.

I. INTRODUCTION

Innovation and invention is a creation of human intellect and such creation is therefore the intellectual property of the maker. It differentiates a particular product from that of another and hence gives identity to a particular quality of product. The Intellectual Property (hereinafter IP) can be categorized into, Industrial Property and Copyright. The trade marks falls under the category of Industrial Property, amongst the others like Patents and Designs. A trade mark, in a nutshell, means a mark which is used in the course of trade to distinguish goods and services from other goods or services¹. A trade mark can be a logo, a device or a label. It can be a word or a combination of words. Although the registration of a Trade Mark has not been made compulsory under the Act, it is important to get a Trade Mark registered with the Registrar of Trade Mark to protect it from infringement suits. However, there are certain grounds on the basis of which a Trade Mark can be denied registration. Such grounds are mentioned under section 9 and section 11 of the Act. Section 9 states regarding the absolute grounds wherein there are inherent restrictions on the registration of a Trade Mark which may be premised on any public or economics policies of the government, etc. Section 11 states the relative grounds for refusal of Trade Marks, which mainly elaborates regarding the refusal of Trade Mark on the basis of similarity of the proposed mark with that of an already registered mark.²

The Intellectual Property Rights in the Indian Automotive Sector has the economic role in the country's growth

¹ Section 2(1)(zb), The Trade Marks Act, 1999.

² See "Chapter 14: Conditions of Registration of Trade Marks", Law Relating to Intellectual Property Rights- Second Edition: by V.K. Ahuja, LEXISNEXIS, at P. 295-319.

like any other commercial sector. The trademarks are used by automotive companies to brand different model of their automobiles. These trademarks are used for promotional purposes. Licensing of Intellectual Property by an automotive company to the dealers or OEMs leads to one important assumption i.e. the demand of the product in the automotive market or otherwise. Therefore, realistically, the ability to practice monopoly relating to the IP in the relevant market is for a duration till which there is a demand for that particular product irrespective of the legal life of that product. The Indian automotive industry, given its potential contribution to Gross Domestic Product (“GDP”) and employment, present a significant opportunity to be one of the biggest drivers for the economy. As of present, 7% of India’s GDP contribution comes from automotive sector and its contribution in GDP is suspected to increase by 12% in near future³. The Automotive industry in the country is a combination of Indian Companies as well as Foreign Companies. The study of IP, more specifically the trade mark, becomes essential while dealing with cases relating to infringement and passing-off of a registered trade mark of a foreign company having its business in India, example to quote: Toyota, Benz etc. In relation to this, we would further take up the discussion of some important case laws here. As the country looks to establish its credentials in automotive industry, the trade mark must be viewed as a collection of key assets that add significant value to an automotive company.

II. BACKGROUND

The earliest existence of Trade Marks can be derived from the European Countries such as Rome, where the sword manufacturers used to inscribe some distinctive mark on the swords manufactured by them so as to make it identifiable in case of defective swords. In India, the Trade Mark prevailed as common law marks before the enactment of statutory law. In Britain, the first statutory enactment was made in the year 1875⁴ which was further substituted by the enactment of 1883, 1938, 1994. Like many other Acts, India borrowed the British Act on Trade Marks and enacted the first Act of 1940⁵. After independence, the Trade and Merchandise Act of 1958⁶ was enacted. Finally, the Act is now operative as Trade Marks Act, 1999. Repealing the old Rules of 2002, the Trade Marks Rules, 2017 governs the rules relating to Trade Marks such as procedure for registration of Trade Marks.

III. AN INSIGHT INTO DECEPTIVELY SIMILAR TRADE MARKS AND WELL KNOWN TRADE MARKS

Similarity has not been defined under the Act. However, Deceptively Similar Trade Marks has been defined

³ See <https://economictimes.indiatimes.com/industry/auto-sector-may-contribute-12-per-cent-to-indias-gdp-in-next-decade-anant-geete/articleshow/58736673.cms>

⁴ Trade Marks Registration Act, 1875; Patents and Trade Marks Act, 1883; Trade Marks Act, 1938; Trade Marks Act, 1994.

⁵ Trade Marks Act, 1940.

⁶ The Trade and Merchandise Marks Act, 1958.

under section 2(1)(h)⁷ of the Act. Section 11(1) enacts a basic principle that no Trade Mark shall be registered if it is similar or identical to the earlier registered Trade Mark. The word used in the Act is “similar” and not “same”, unlike the old Act of 1958. The use of the word “similar” would enlarge the protection of the Trade Mark. The scope of making the case of infringement or passing off broadens with the use of the word “similar”. The purview has been extended therefore. The grounds covered under section 11 of the Act are the grounds negating a Trade Mark to be given a registration on the basis that there are already existing Trade Marks which are similar to that of Trade Mark proposed to be registered. The registering authority analyses or scrutinises the proposed Trade Mark and relates it to the earlier existing Trade Marks and if they find that the earlier existing Trade Mark’s reputation is in danger or its reputation may get tarnished or the goodwill may come down or may get passed-off by the deceptively similar Trade Mark which is proposed to be registered, then section 11 grounds are invoked and this section is availed by the Trade Mark Registrar. On some occasions the registrar does it suo moto and on some occasion the registrar does it on the behest of other person. Section 11(1) can be invoked suo moto by the registrar but sub-section (2) and (3) cannot be invoked without somebody’s insistence. *Ambal v. Andal*⁸, is a very celebrated case when it comes to understanding the concept of deceptively similar marks, more specifically, operation of section 11(1) of the Act. The impugned words Ambal and Andal are the different deities worshipped by different people altogether in the southern part of India. The outcome of this case is operative even today as far as the operation of section 11(1) is concerned in India. The Supreme Court reiterated the Judgement of Madras High Court speaking through Justice Jagadishan. It would be relevant to quote the observation of Justice Jagadishan with respect to this case. Madras High Court, Jagadishan, J. Held: “The words, Ambal and Andal, have such great phonetic similarity that they are undistinguishable having the same sound and pronunciation. In whatever way they are uttered or spoken, slowly or quickly perfectly or imperfectly, meticulously or carelessly and whoever utters them, a foreigner or a native of India, wherever they are uttered in a noisy market place or in a calm or secluded area, over the phone or in person, the danger of confusion between the two phonetically allied names is imminent and unavoidable⁹.”

A step ahead to deceptively similar trademarks, Well known trademarks are such marks that have acquired a substantial goodwill and reputation amongst the general public, and the use of such mark for other goods and services would likely to indicate a connection between those goods and services or user of such mark and the original proprietor of such trade mark. A well known trade mark is acquired by continuous use and branding of such mark. In the previous paragraphs, we have discussed that a mark which is similar or identical to an earlier registered mark cannot be given registration by the reason of deceptive similarity between the two or by the

⁷ A mark shall be deemed to be deceptively similar to another mark if it so nearly resembles that other mark as to be likely to deceive or cause confusion.

⁸ K.R. Chinna Krishna Chettiar v. Sri Ambal & Co. AIR 1970 SC 146

⁹ See judgement, *ibid*.

reason of likelihood of confusion on the part of public. Now, under the traditional principles of trade Mark law if a similarity exists between two marks but both the marks deal in different classes of products or services, then such registration would be allowed. However, well-known trade mark is an exception to this general principle of the trade mark law. Therefore, if a mark comes under the purview of well-known trade mark then the proprietor of such mark can actually restrict someone for registering a similar mark even for an unrelated good i.e. a good belonging to a different class. A well-known trade mark is acquired by continuous use and branding of such mark. Examples to quote: “Benz” and “Tata”.

IV. WELL KNOWN TRADE MARKS: IS IT FAIR TO GIVE SUCH WIDE PROTECTION TO A TRADE MARK?

One must imagine how fair it is to give such wide protection to a trademark. Let us examine the same. A mark may be given a wider protection for any of the three below mentioned reason:

- **To prevent unfair use of a mark’s reputation.**

In the backdrop of *Benz v. Hybo Hindustan*¹⁰, it is quite clear that some mark do enjoy a greater reputation than the other. The device of Mercedes Benz is famous worldwide which is three pointed stars in a circle. In this case, the Benz tri-star logo was used by a party in India for unrelated goods. This party in India was using the logo for goods which is not even vaguely related to cars. It was using it for the purpose of undergarments. Now, what needs to be understood is that under traditional trade mark principles such use would be permitted. If Benz would not have been able to prove its mark as a well-known mark then it might not have been able to restrain the use of its logo for the purpose of undergarments. But in this case it was held that, such use would amount to infringement of the well-known tri-star logo of the Benz and the defendants were actually making unfair use of the Benz logo. The Court stated in its Order that, "Mercedes" has been a status car, which very few of the car owners are able to afford to have today, or at any time. Hence, the tri-star logo has great reputation worldwide and the defendants were actually taking the unfair advantage of such great reputation.

When a proprietor invests a lot of effort, time and money in building the reputation of a trade mark, it is unfair to let anyone take benefit of that reputation. This is one of the reasons why some marks should be recognised as well-known trademarks so as it could be enforced against the parties using such marks even for unrelated goods.

- **To prevent harm to the reputation of a mark**

The important reason for heightened protection of a well-known trade mark would be to prevent harm to the

¹⁰ AIR 1994 Delhi 239

goodwill and reputation of such mark. Use of a well-known mark by a party to take an unfair advantage for the purpose of trade is one thing and using it with the motive to harm the reputation or tarnish the image of proprietor of such mark, is the other. To understand this point further, the concept of “doctrine of dilution” comes in picture. This doctrine is a way of enforcing the well-known trade mark. Trade mark dilution is a claim which the owner of a famous trademark can make to prevent others from using a mark which decreases the value or distinctiveness or tarnishes the image or reputation of his well-known mark. There are two aspects to this doctrine, dilution by blurring and dilution by tarnishment. Dilution by blurring is when the reputation of a trade mark is diluted while several other parties start using it and thus causing the reputation of trade mark to blur. The second aspect being the dilution by tarnishment, is when a famous trade mark is used by a party derogatorily. These are another reasons to why recognition of a trade mark as a well-known trade mark is important, as under traditional trade mark principles such doctrine is not invoked. In *Honda Motor Company v. Charanjit Singh and Ors*¹¹, the court restricted the defendants from using the trade mark HONDA in respect of pressure cookers which is not even remotely related to automobiles, or in respect of any goods or any other trade mark/s which is/are identical with and deceptively similar to the trade mark of the plaintiff. Honda Motor Company has been using the trade mark HONDA in India since 1957 and it acquired the status of well-known trade mark through its extensive use, marketing and high turnover. Using the mark HONDA would definitely harm the global reputation of the company in the automotive sector.

- **To prevent confusion in the minds of consumers.**

The ultimate purpose of a trade mark is to build recognition amongst the potential consumers. Assume a situation where a trade mark having substantial reputation in the relevant market is wrongfully being pretended by someone to be his and being used for selling substandard quality of goods. The whole idea of making such pretention is to confuse his goods with the goods of the original proprietor of such trademark in the minds of potential consumers. To quote an example, consider the trademark “Tata”. If an automobile component manufacturer starts manufacturing the equipments by branding it with the name and mark of “Tata” without the required permission then such trade cannot be allowed. The mark “Tata” has proved itself as a well-known trademark through putting various evidences and statistical data in this favour with respect to various trademark infringement and passing-off cases. Therefore, if a person is stated to be working under the name and style of TATA and his visiting cards bear the trade mark “TATA” and also the device which contains “T” in a circle, then such business under the pretention of the brand “TATA” cannot be allowed as the above mentioned trademarks are already registered by Tata Sons Limited in respect of different products under Class 12.

¹¹ 101 (2002) DLT, 359

In the wake of *Bajaj Auto Ltd. v. J.A. Entertainment Private Limited*¹², the protection given to a well-known trademark has become way too wide. Bajaj Auto Limited had filed a case of trademark and copyright infringement in connection to the proposed title of the film 'Hamara Bajaj' which is also the tag line used in the advertisement of Bajaj Chetak scooter of the plaintiff. The tag line was much popular among the public and the product was one of the most popular and successful products of the Bajaj Auto Ltd. The Company till today use the tag line in its commercial campaigns, however, the production of Bajaj Chetak stopped sometime in 2009. But the Hon'ble Bombay High Court agreed with the averment of the plaintiff that despite the stoppage of production the tagline is still popular among the pertinent general public. The tag line was so popular in its blooming days that the kids from 80's and 90's have the nostalgia with the product and thus they still relate themselves to it. Consequently, the Hon'ble Court granted a permanent injunction against the defendants restraining the use of 'Bajaj' or 'Hamara Bajaj' in the film in any manner. Now one must wonder the strength of a well-known trademark, that the producer of a film which is neither related to automotive industry and promotion of any auto product in any manner nor had any intention to pass off the brand name of Bajaj, has been restrained from using the tagline connected to the product whose production has stopped years before this dispute.

V. TRANS-BORDER REPUTATION¹³: THE STANDARDS TO ASSESS THE SAME

Now that we know why some trademarks are given additional protection and are recognized as well-known trademarks, it is important to know the criteria for recognizing a well-known trade mark. The trade Marks Act, 1999 does not set any criteria for the courts to decide when a trade mark can be recognized as well-known. However, the Registrar of Trade Marks shall consider the factors mentioned under section 11(6) of the Act while determining whether a mark is well-known mark. With reference to clause (ii) and (iii) of section 11(6), the duration, extent and geographical area of any use as well as any promotion of that mark is to be considered while determining whether a mark is well-known. This brings ahead another important aspect while understanding the concept of well-known trademarks, especially in automotive industry. Most of the automobile companies running their business in India have their origin in foreign countries. Hence, it is essential to derive their territorial nexus in India and whether their globally known trademark hold the same reputation inside the territorial barriers of India. Apparently, *Toyota v. M/s. Prius Auto Industries Private Limited*¹⁴ sets the benchmarks in assessing standards for trans-border reputation. It has answered to, whether an internationally known mark relating to which has no place of business activities in India and not known to pertinent general public, can be considered as a well-known trademark. Prius is the name of the first

¹² Suit No. 49 of 2013, in the High Court of Judicature at Bombay.

¹³ Trans-border reputation is where a trade mark is not limited to the country of its origin but has surpassed the geographical frontiers.

¹⁴ http://supremecourt.gov.in/supremecourt/2017/9646/9646_2017_Judgement_14-Dec-2017.pdf

commercial hybrid car manufactured by the appellant in this case and it has a trade mark registration in the name of “Prius”. The appellant claimed a worldwide reputation and goodwill of the said trademark. However, it did not launch the car in India. Thus, the brand name of Prius was not known in Indian automotive market unlike the other brand names such as TOYOTA, INNOVA etc. which have successfully spilled over their reputation in Indian market. The facts of this case poses an important question that whether the impugned mark which is well-known in other countries but has no presence in the territory of India, be considered for passing-off of such trademark in the territory of India? To answer the question relating to trans-border reputation in this case, the court first discussed two important principles, i.e., (i) principle of universality and (ii) principle of territoriality. The Court clearly stated in this case that the territoriality doctrine would be correct to apply and thus hold the ground here and not the universality doctrine. Hence, even though Prius Auto Industries was using the trademark “Prius” without seeking permission from Toyota, it would not amount to passing-off of the trademark “Prius” as it is not known to the Indian commercial and consumer market.

VI. CONCLUSIVE REMARKS

At the very outset, it is to be understood that the proprietor of a well-known trademark can stop someone from using the mark for similar trade purpose or even for unrelated goods. However, post the recent judgement of *Nandhini Deluxe v. Karnataka C0-operative Milk Producers Federation Limited*¹⁵; same or deceptively similar trademark defense can be used even for goods falling under the same class if they are visually distinct when compared. But what is needed to be examined is, whether all such infringement is to be construed in a stricter sense. There should not be a situation that, under the garb of a well-known trademark an innocent user be stopped from doing his means of earning. Consider a situation where the impugned mark has not been used as a trademark *per se* or has not been used with an intention to pass off goods or services of another proprietor registered with a similar trademark. Whether in this situation a *bonafide* use of such impugned mark should be allowed? The ‘Hamara Bajaj’ case has shut the scope for answering this question in affirmative. The title of the proposed cinematographic film in this case was only a description of the film and nowhere intended to pass off the brand name Bajaj. Also to be noted, the trademark ‘Bajaj’ is a registered one and not ‘Hamara Bajaj’. In context of automotive industry, majority of the companies in this sector has emerged as a well-known one. Thus, as we discussed above with the help of case laws, there had been several instances wherein these automotive giants have stopped a small proprietor from making his business by taking the defense of well-known trademarks, even if there is no nexus of the type and size of business activities between them. The Trade Mark Act must come up with some clarifications with respect to this issue. Further, the legislation must be precise with respect to trans-border reputation of Trademarks.

¹⁵ Civil Appeal No. 2943-2944 of 2018