

Passing off and Infringement of Well-Known Trade Mark's in India

Sunil Prakash Dhadwad
Ph.D. Research Scholar

ABSTRACT:

This paper discusses the relevant provisions of the Indian statute, highlighting the protection offered to Well-Known Trade Mark's proprietors from passing off and infringement of well-known trademarks. It provides for what acts constitute passing off and infringement of well-known trademarks, what are the remedies available, who can sue and be sued and the defenses available in case of well-known trademark violation. The paper also discusses the factors to be considered in case of passing off and infringement action along with different judicial pronouncements given by Indian Courts.

Keywords: Passing Off, Infringement, Goodwill, Reputation and misrepresentation, well-known trademarks, Common Law.

"Nobody has any right to represent his goods as the goods of somebody else." - Halsbury¹

I. INTRODUCTION

Passing Off and Infringement of Well-Known Trade Mark's is of immense importance in view of the several infirmities and draw backs in implementation of the existing laws. Out of all the Intellectual Property Rights, the trade mark is the only property which can be retained permanently as long as it is renewed. World is constantly changing, apart from the physical phenomenon this change is attributed to various inventions and developments in trade and commerce. These inventions, advertising materials books etc., are part of the human minds backed by the intellectual labour. The products of the great minds are protected throughout the world by legislation.

Due to globalization and in order to curtail the unfair trade practices protection of well-known trade mark is becoming very important. Companies spent enormous amount of money for the promotion of their goods and services and when the particular products and brand names become famous, the undersized businessman and general public try to imitate the same to encash the goodwill and reputation established by the reputed companies. Therefore, the brand name becomes famous and more often the product itself becomes synonym for the brand name.

¹ Mathew VC, Legal Expert Blog: How Passing Off Can Be a Legal Remedy For Unregistered Trademark Holders, www.lawisgreek.com/legal-expert-blog-how-passing-off-can-be-a-legal-remedy-for-unregisteredtrademark-holders

The question of passing off and infringement arises when someone is imitating the brand name of the true owner in order to encash the goodwill and reputation of the said brand name.

The Trademark is an intangible asset and its impact on the market is immense. Once brand/Trademark becomes famous or well known it creates revenue to the trader. The Trademark/Service mark can be assigned and licensed to the prospective user for good consideration. The quality of the product and brand value plays vital role in the promotion of goods and the business. The valuation of the brand significantly creates the status to the trader in the market. Not only the financial standing but it creates the social status in the market. In the recent past the value of the brand of APPLE (mobile phone) is stated as 100 billion dollars. Any imitation or copying of the well known trademarks by way of passing off and infringement results in costly litigation. A well chosen and well publicized trademark often has value far beyond the physical assets of a company.

II. HISTORY

In 19th century the people began to think of marks, which had become distinctive of trader's goods and so attracted goodwill as a type of property. The fruits of the same have sustained the intellectual labour of inventors and have created wealth directly or indirectly among the nations for the purpose of creating further wealth in India. We have codified and enacted laws on all Intellectual Property Rights including trademarks. On par with international laws and conventions and in view of the TRIPS Agreement domestic & international brand owners are protected. Even if trade mark is not registered in India, a foreign trade mark owner can initiate a passing off action against the protection of infringer. The Trademarks Act provides statutory protection to all the trademarks including the well known trademarks, which were protected under the common law.

III. OBJECTIVES OF THE STUDY

The present study is aimed at understanding the practical implications of judicial pronouncements on passing off and infringement of well-known trademarks as judicial precedents are still to follow.

The trademarks are an intangible property having all the parameters of tangible property; it has to be protected by proper legislation. It is the fact that the creating the brand name is one aspect and protection of the said brand name/trade mark from the imitators who falsify the goods as that of the original owners is an another aspect. Even though legislature has taken all the precautions to incorporate the international implications in the municipal law by repealing the Trade & Merchandise Act, 1958, and thus the Trademarks Act, 1999 is framed and it has come into force from 15-09-2003. But there are lot of loopholes and lacunae in the new act and rules.

IV. ORIGIN OF THE CONCEPT

Origin of contemporary trademark law can be traced back to industrial revolution. The mark was meant to

identify the goods as the product of a particular craftsman or group of craftsmen. In addition the manufacturers also started advertising their goods by affixing their trademarks on them. This led to trademark acquiring good will and reputation amongst the consumers.² The original function of the trademark was simply to indicate the origin of goods, by identifying the craftsmen who produced them. But those producers also saw in trademark the opportunity to gain a competitive edge over others.

The necessity for protecting the goodwill and reputation of a trademark was, therefore felt in all nations which led to the adoption of the trademark law everywhere. The common law has always recognized that one goal of trademark law is to prevent mistake, deception and confusion with regard to origin. Protection against the public deception is one of the most important features of the common law trademark.

V. PROTECTION OF WELL-KNOWN TRADEMARKS IN INDIA

India prior to the Act of 1940, there was no statutory legislation in India relating to trademarks and the protection of such was based on common law which was substantially the same that was applied in England. The Trademark Act 1940, introduced for the first time machinery for the registration and statutory protection of trademarks in India. This Act was in force until 1958, and then it was replaced by the Trade and Merchandise Act 1958. And then in the year 1999 the Act of 1958 was replaced by the Trademarks Act 1999 to comply with the provisions of TRIPS Agreement.

Section 12 (zg) of the Act, reads,

“Well-Known Trademark, in relation to any goods or services, means a mark which has become so to the substantial segment of the public which uses such goods or receives such services, that the use of such mark in relation to other goods or services be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first mentioned goods or services.”

The protection of ‘well-known’ mark has been accorded by enshrining the concept as a relative ground for refusal of registration of trademarks:

Section 11 (2) reads: “A trademark which-

- Is identical with or similar to an earlier trademark: and
- It to be registered for goods or services which are not similar to those for which the earlier trademark is registered in the name of a different proprietor, shall not be registered if or to the extent the earlier

² V K AHUJA, Intellectual Property Rights In India, Vol. I, 2nd Edn., p. 447.

trademark is a well-known trademark in India and the use of the later mark would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trademark.”

Section 11(10) reads:

“While considering an application for registration of a trademark and opposition filed in respect thereof, the Registrar shall-

- a) Protect a well-known trademark against the identical or similar trademarks;
- b) Take into consideration the bad faith involved either of the applicant or the opponent affecting the right relating to the trademark.”

Section 11(6) and (7) provide a non-exhaustive list of factors that should be taken into consideration while determining if a trademark is well-known:

- i. The knowledge or recognition of the alleged well-known mark in the relevant section of the public;
- ii. The duration, extent and geographical area of any use of that trademark;
- iii. Promotion of the trademark including advertising or publicity;
- iv. The record of successful enforcement of the rights in the trademark;
- v. The number of actual or potential consumers of the goods or services;
- vi. The number of persons involved in the channels of distribution;
- vii. The business circle dealing with the goods or services.

Where a trademark has been determined to be well-known in at least on relevant section of the public in India by any court or Registrar, the Registrar shall consider trademark as a well-known mark for registration under this Act.”

Section 29 (4) provides that a registered trademark is also infringed by misuse of a mark that is used in relation to goods or services that are not similar to those for which the well-known trademark is registered.

VI. WELL KNOWN TRADE MARKS IN INDIA

The term ‘well known’ in relation to trademarks originates from the term ‘reputation’ which was recognized for the first time in the age-old case of **JG v. Stanford**³ wherein it was held that the law of passing off prevents commercial dishonesty on the part of traders. The essence of passing off has retained its classic form till date.

³ JG v. Stanford (1617) Cr Jac 468, 79 ER 400.

The very basis of the said action is existence of goodwill or reputation attached to the particular goods and the degree of representation that is likely to deceive the public⁴.

In the absence of a statutory definition, acquisition of reputation depends upon the usage of a particular good or service in connection with business. However, a plaintiff's reputation does not have to extend throughout the country and may be restricted to a particular locality where the business is conducted⁵.

In India, protection to well-known trademarks is given more importance as compared to ordinary trademarks.

Formerly, this protection was given by way of common law formulations like passing off. For example, in **Daimler Benz Aktiengesellschaft v. Hybo Hindustan**⁶, the manufacturers of Mercedes Benz sought an injunction against the defendants who were using the famous 'three pointed star in the circle' and the word 'Benz'. The Court granted injunction against the defendants who were using these marks for selling apparel. Similarly, in **Whirlpool Co & Anr v. N R Dongre**⁷, the plaintiff, Whirlpool had not subsequently renewed their trademark after the registration of the same in 1977. At the relevant time, the plaintiff had a worldwide reputation and used to sell their machines in the US embassy in India and also advertised in a number of international magazines having circulation in India. However, the defendant started using the mark on its washing machines. After an action was brought against them, the Court held that the plaintiff had an established 'trans border reputation' in India and hence the defendants were enjoined from using the same for their products.

Later, the Trademarks Act of 1999 (TM Act) brought about several statutory changes, e.g., protection of well-known trademarks even without registration or use in India apart from making some changes to harmonize it with the obligations under the TRIPS Agreement. The Act also allowed the proprietors of well-known trademarks a ground to oppose at the stage of registration itself, thereby giving special treatment and rights for such marks⁸.

VII. INFRINGEMENT AND PASSING OFF OF WELL-KNOWN TRADE MARKS:

Infringement:

An infringement action is based on invasion of the statutory rights⁹. Infringement can be said to occur whenever any person other than the registered proprietor uses such a mark with intent to defraud in the course of his trade. The infringing mark may be identical with or deceptively similar to the registered mark and in relation to the

⁴ Banerjee Soumya, Trans border Reputation, Journal of Intellectual Property Rights, 11(4) (2006) 274-279.

⁵ Clock Ltd v. Clock House Hotel Ltd [1936] 53 RPC 269.

⁶ Daimler Benz Aktiengesellschaft v. Hybo Hindustan, AIR 1994 Del 239.

⁷ Whirlpool Co & Anr v. N R Dongre (1996) PTC 415 (Del).

⁸ http://www.ammas.com/uploadedfiles/1209818858567_Trademark%20law%20&%20copy%20rights.

⁹ VK Ahuja, Intellectual Property Rights in India, Vol. 1

goods or services in respect of which the mark is registered. Consequently, if the use of the mark in a manner not likely to indicate the trade origin, it may not attract the cause of action for infringement, which was held in the *Ox-cart* case. Section 29 of the 1999 Act deals with infringement of trademarks and enumerate certain ways in which an infringement can take place. Under section 27(1) of the Act, it is provided that a person shall be entitled to initiate legal proceedings to prevent or recover damages for the infringement of a registered trademark. Under section 28 of the Trademark Act, 1999, it is provided that, the proprietor of a registered trademark is the exclusive owner of the same and is entitled to obtain relief in case of infringement. Trademark infringement generally contains the issues of

- a) Likelihood of confusion
- b) Deceptive marks
- c) Identical marks
- d) Dilution of marks

- **Likelihood of confusion:** Traditionally it was held that there can be an infringement of a trademark only when there is a likelihood of confusion as to the origin of the trademark¹⁰. In the case of **Montblanc Simplo-GMBH v. New Delhi Stationery Mart**¹¹, Delhi High Court held that since both the marks are used in respect to identical goods, this court, then needs to determine whether the defendants adoption is likely to cause confusion in the minds of the public. It is not necessary to prove actual confusion or damage, it is sufficient if likelihood of confusion is established.

- **Deceptive marks:** A deceptive mark can be said to be such a mark which is likely to cause confusion in the minds of the buyer. The expression likely to deceive“ is a question largely one of first impression. It is not necessary to prove intention. It is sufficient if the Court comes to the conclusion it is likely to deceive and that conclusion must be based partly on evidence and partly upon the appeal to the eye of the judge.¹²

Deception can arise with regard to¹³:

- a) Deception as to goods
- b) Deception as to trade origin
- c) Deception as to trade connection

¹⁰ Kearly's Law on Trademarks and Trade Names, Sweet and Maxwell, 2001, p. 360.

¹¹ Montblanc Simplo-GmbH v. New Delhi Stationery Mart and Anr, 2008 (38) PTC 59 (Del).

¹² H.C Dixon & Sons Ltd. v. Geo Rihardson & Co. Ltd 50 RPC 36, p 374.

¹³ Vikram Stores v. S.N. Perfumery Works, 2008 AIHC 494 (Guj).

- **Dilution of marks:** Dilution of trademark is basically weakening the trademark by decreasing the value of the same. If another user adopts a near similar mark in respect to the same good, it will end up hurting or debasing the actual value of the trademark.

In **Catterpillar Inc v. Mehtab Ahmed and Others**¹⁴ it was held by Delhi High Court that, in case of doctrine of dilution, there is presumption that the relevant customer starts associating the mark or trademark with a new and different source. This affects the link between the mark of the prior user and its goods. That is, the link between the mark and the good is blurred. This is not a fair practice that is expected in trade and commerce.

1. What Constitutes Infringement?

Section 29 of the Trademarks Act, 1999 deals with infringement. In this context, the ingredients of Section 29 (1) are as follows:-

1. The plaintiff's mark is registered.
2. The defendant's mark is identical with, or deceptively similar to plaintiff's registered mark;
3. The defendant has taken any essential feature of the mark or has taken the whole of the mark and then made a few additions and alterations.
4. The defendant's use of the mark is in course of the trade in respect of goods/services covered by the registered trademark.
5. The use of the infringing mark must be printed or usual representation of the marking advertisements, invoices or bills. Any oral use of the trademark is not infringement.
6. The use by the defendant is in such manner as to render the use of the mark likely to be taken as being used as a trademark.
7. The defendant's use of the mark is not by way of permitted user and accordingly unauthorized infringing use.

While the above is the general proposition of law as per Section 29 (1), the various Circumstances in which the trademark is infringed are enumerated in sub-sections 29(2) to (9) Of Section 29.

2. Who can sue for infringement?

The plaintiff in an infringement suit may be either:

- The proprietor of the registered trademark or his legal successor.

¹⁴ (2002) 25 PTC 438 (Del).

- A registered user of a trademark subject to a prior notice to the registered proprietor and consequent failure of the registered proprietor to take any action against the infringer.
- An applicant for registration of a trademark. He can file an infringement suit to protect his right to continue with the suit which will sustain only if his trademark is registered before hearing the suit.
- Legal heirs of the deceased proprietor of a trademark.
- Any one of the joint proprietors of a trademark.
- A foreign proprietor of a trademark registered in India when Infringement occurs in India.

3. Who can be sued?

• The infringer who directly by his action causes infringement or who uses or contemplates or threatens to use a trademark infringing plaintiff's right.

• The master responsible for his servant's act of infringement. For example, a worker who is engaged in the business of making false labels is a servant of the master who orders the making of such labels. It is the master in such a case who is to be sued.

- The agents of an infringer.

- Directors and promoters of a limited company cannot be joined as co-defendants unless they have personally committed or directed infringing acts.

4. Period of Limitation:

Under the Limitation Act, 1963, the period of limitation for filing a suit for infringement of a trademark is three years from the date of infringement. Where the infringement is a continuing one, a new course of action arises every time an infringement occurs. For example, a continued sale of infringing article would give rise to a fresh cause of action.

5. Issues in Infringement Suits:

The issues that arise in an infringement action are the following:-

- Whether the plaintiff is entitled to file a suit; i.e. whether he is proprietor of a registered
- Trademark or a unregistered.
- Whether the use or proposed use of the mark by the defendant is an infringement of the
- registered trademark.
- Whether the defendant has succeeded in establishing one or more of the defenses setup by him.

- If the plaintiff's succeeds in the suit, what reliefs he is entitled to?
- Whether the plaintiff is entitled to any interlocutory relief?
- Whether there has been actual instances of deception and confusion amongst the public?

PASSING OFF:

Passing off action is based on common law principle. The damages claimed for in an action for passing off are “un-liquidated damages”. The action against passing off is based on the principle that “**a man may not sell his own goods under the pretence that they are the goods of another man.**” Similar view has been held in **ICC Development (International) Ltd. v. Arvee Enterprises**¹⁵. That “the passing off action depends upon the simple principle that nobody has any right to represent his goods as the goods of somebody else.” In a passing off action, the priority in adoption and use of trade mark is superior. Passing off is not defined in the Trademark Act, 1999. It is referred to in Section 27 (2), 134 (1) (c) and 135 of the Act.

Section 27 (2) states that the rights of action against any person for passing off as the goods of another person or the remedies in respect thereof are unaffected by the provision of the Act. Section 134 (1) (c) refers to jurisdiction of courts to try suits for passing off arising out of the use of any trademark. Section one 135 specifies the remedies available in respect of passing off arising from the use of a trademark.

Passing off cases are often cases of “**deliberate and intentional misrepresentation**, but it is well settled that fraud is not a necessary element of the right of action and the absence of the intention to deceive is not a defense in an action for passing off though proof of fraudulent intention may materially assist a plaintiff in establishing probability of deception.”

The concept of passing off which is a form of tort has undergone changes in the course of time. At first it was restricted to the representation of one's goods as those of another. Later, it was extended to business and services. Subsequently, it was further extended to professions and non-trading activities. Now a day, it is applied to many forms of unfair trading and unfair competition where the activities of one person cause damage or injury to the goodwill associated with the activities of another person or group of persons.

The law of passing off thus does not protect the interest of the owner of the trademark but of the consumers also against misrepresentation. It was held in the case of **Consumer Distributing Co. v. Seiko Time Canada Ltd.**¹⁶

¹⁵ (2003) 26 PTC 245(DEL).

¹⁶ [1984] 1 S.C.R. 583.

1. Essentials that constitute passing off action:

The law of passing off arises when there is misrepresentation, goodwill is harmed in the course of trade, which causes damage to the trade or goodwill of the trader by whom the action is brought¹⁷. The characteristics of passing – off are discussed and explained in number of cases. **Lord Diplock in Erven Warnik B.V. v. Townend**¹⁸,

1. Misrepresentation;
2. Made by person in course of trade,
3. To prospective consumers of his or ultimate consumers of goods or services supplied by him,
4. Which was calculated to injure business or goodwill of another trade (in the sense that this is reasonably foreseeable consequence), and
5. Which caused actual damage to a business or goodwill of a trader by whom the action was brought, or in a quia tmet action would probably do so.

There are three main elements of the tort of passing off which were also referred as “classical trinity” in **Harrods v. Harrodian School**¹⁹ is:

- Reputation;
- Deception; and
- Damage

Once a misrepresentation is established it is reasonable to infer that the customers of the goods bought them on that misrepresentation unless there is evidence to the contrary²⁰.

These are the elements of passing off namely the reputation of goods, possibility of deception and likelihood of damage have been approved by the Supreme Court in the case of **Laxmikant V. Patel v. Chetanbhat Shah**²¹.

2. Issue in a Passing off Action

The issue in a passing off action may be stated as follows:

“would the users of the defendants, either the actual user or the proposed user conceded for the purposes of the action, be likely to lead persons, either members of trade or of the public, to suppose that the defendant’s goods

¹⁷ Hart Tina & Fazzani Linda, Intellectual property law, Ed. 3rd, Palgrave Macmillan, 2004.

¹⁸ (1979) 2 All ER 927.

¹⁹ (1996) RPC 698.

²⁰ Mirage Studio v. Counter Feat Clothings, (1991) FSR 145.

²¹ AIR 2002 SC 275.

so sold were the product of the plaintiff's, or that the business concerned in its production was the plaintiff's or was associated with the plaintiff's business.²²

3. Factors to be Considered in Case Of An Action For Passing Off:-

The Hon'ble Supreme Court in **Cadila Health Care Ltd. v. Cadila Pharmaceuticals**

Ltd.²³, held that the following factors to be considered in case of an action for passing off action of an unregistered trademark for deciding the question of deceptive similarity:-

- The nature of the marks, i.e, whether the marks are word marks or label marks or composite marks, i.e, both words or label works.
- The degree of resemblance between the marks, phonetically similar and hence similar in idea.
- The nature of goods in respect of which they are used as trademarks.
- The similarity in nature, character and performance of goods of the rival traders.
- The class of purchasers who are likely to buy the goods bearing the marks they are likely to exercise in purchasing and/or using the goods.
- The mode of purchasing the goods or placing orders for the goods.
- Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.”

VIII. REMEDIES UNDER PASSING OFF AND INFRINGEMENT ACTION

Section 135(1) lists the reliefs, which may be granted to the plaintiff who established his case by the court in case of infringement and passing off are:

- An injunction restraining further use of trade mark;
- Damages or an account of profits.

However, in the case of innocent infringement or passing off, if the conditions laid down in Section 135 (3)²⁴ are satisfied, the court will not grant relief by way of damages other than the nominal damages, or an account of profits; but

3. An order for delivery-up of the infringing labels and the marks for destruction or erasure²⁵.

²² (1965) RPC 307.

²³ AIR 2001 SC 1952.

²⁴ Section 135(1) of TMA, 1999; section 106 of TMMA, 1958.

²⁵ Section 135 read with Section 134 of TMA, 1999; Section 106 read with Section 105 of TMMA, 1958.

IX. SPECIAL PROTECTION TO WELL-KNOWN TRADEMARKS:

The owner of a trademark which has been accorded well-known trademark status can enjoy the following rights:

- The right to stop the use of and to prevent the registration of any identical or similar trademark in respect of any identical or similar goods or services, even though the well-known trademark has not been registered in China, if such use or registration is likely to cause confusion.
- Where the well-known trademark is registered in China, the right to stop the use of and to prevent the registration of any identical or similar trademark in respect of non-identical or dissimilar goods or services, if the trademark in question would mislead the public and would likely prejudice the interests of the owner of the well-known trademark.

Compared with ordinary trademarks, the scope of protection of well-known trademarks is much wider. First, generally for trademarks, registration is the foremost condition for acquiring lawful protection. If a trademark is unregistered, the fact for its prior use may not be used as a ground for challenging an application for registration by another person for an identical or similar trademark in respect of identical or similar goods or services. If the unregistered trademark has already been in use and has acquired certain level of influence though it has not attained the status of a well-known trademark, the owner of the trademark has to prove the pre-emptive registration has been made by another person by unfair means before he may seek protection under the Trademark Law. However, if a trademark has been recognized as well-known in China, even though it is not registered, the owner may still prevent the registration and use of an identical or similar trademark on identical or similar goods or services.

Second, where an ordinary trademark has been registered, as mentioned above, the Trademark Law gives protection only to the extent of identical or similar goods or services in respect of an identical or similar trademark. However, for a well-known trademark, the Trademark Law not only affords protection to goods and services in respect of which it is registered, but also to non-identical or dissimilar goods or services, If such use misleads the public and is likely to cause prejudice to the interests of well-known trademark owner.

As set out in the Discussion draft, the scope of protection afforded to well-known trademarks will be more or less preserved. At the same time, the rules relating to the dilution of registered well-known trademark has been proposed. That is, any trademarks which may result in “improper use of or damage to the distinctive character or repute of the well-known trademarks” cannot be registered or used.

X. DIFFERENCE BETWEEN PASSING-OFF AND INFRINGEMENT:

In the case **Durga Dutt Sharma v. N.P. Laboratories**²⁶, Hon'ble Supreme Court laid the difference between the two – infringement and passing off. It was held that "An action for passing off is a Common law remedy, being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another. But that is not the gist of an action of infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of the exclusive right to use the trade mark."

- Passing Off is a common law remedy, whereas an infringement is an action for deceit.
- Statutory remedy is the right kind of relief available in the case of registered proprietor of a registered trademark, whereas the right available in case of an unregistered trademark is passing off.
- The use of the mark by the defendant of the trademark of the plaintiff is not essential in any action for passing off, but it is *sine quo non* in case of infringement. An action for infringement takes place when the defendant has used the mark of the plaintiff.
- The defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff.²⁷

Combined Action for Infringement and Passing Off:

Where a mark is registered, the plaintiff may combine his action for infringement along with an action for passing off, where the plaintiff has used his mark and can establish goodwill and reputation in connection with his business. This provides for a better protection of trademark.

XI. JUDICIAL TRENDS ON WELL-KNOWN TRADEMARK PROTECTION:

In May 2008, the Supreme Court of India ruled on two civil appeals, both involving well-known foreign trademarks and similar Indian trademarks. Though the facts of the cases are similar, the Supreme Court handed down two opposite ruling.

Recently the Supreme Court of India has displayed great enthusiasm for intellectual property rights law and delivered not one, but three back to back judgments on the subject. These decisions, though not groundbreaking in any sense, will nonetheless have a significant impact on Indian trademark and copyright jurisprudence in many ways.

Four purposes, we will analyse the two recent trademark decisions of the Supreme Court. Both the cases

²⁶ AIR 1965 SC 980.

²⁷ AIR 1965 SC 980.

involved well-known trademarks. Yet, while the Supreme Court found for the foreign mark in one case, the rights of the senior mark in the second were not upheld. The judges have of course emphasized the each decision is based on the facts and circumstances of the particular case.

In case of **Khoday India Limited v. Scotch Whisky Association and Others**²⁸ The Khoday case was concerned with whether a mark “Peter Scot” should be removed from the register under Indian Trademark Law for being deceptively and misleading in the eyes of the consumers to the world famous “Scotch Whiskies”.

In 1974, the SWA learned of the registration of the appellants “Peter Scot” marks. In 1986 they moved before the Registrar of Trademarks in India for cancellations of the “Peter Scot” registered trademark on the ground of it being a misleading mark that would create an association in the minds of the public that it was in fact a Scotch whisky. It was held that although there was also unexplainable delay on the part of the respondents in taking action against the appellant, the registered proprietors could do nothing to rebut the evidence of dishonest intent and intentional deceptions.

An appeal was preferred which was dismissed by the Single Judge of the High Court who commented on the lack of effort by the appellant to uphold the validity of their registration: “It is unfortunate that the appellant had chosen to refrain from placing any material before the authority to refuse the claim for rectification. Apparently, appellant did not have great faith in the validity of the registration and did not consider it worthwhile even to cross-examine the witness who had filed the affidavits in support of the application for rectification”

With regards to the question of acquiescence the Learned Single Judge held the “The acquiescence if it is to be made a ground for declining to rectify, must be on such character as to established gross-negligence on the part of the applicant or deliberate inaction which had regulated in the appellant incurring substantial expenditure or being misled into the belief that the respondents though entitled to, had deliberately refrained from taking any action and were unmindful of the use of the mark by the person in whose name it was registered.”

A further appeal was preferred before the Division Bench, after careful consideration of the facts of the case, chose not to interfere with the decisions of the Registrar and Single Judge, Therein the appellant brought the matter up before the Supreme Court of India.

What the Supreme Court noted was an error on the part of all the lower courts in taking into account the specific facts of this case. They agreed, as did the Division Bench, that the mark was deliberately misleading and even that the appellant was using the “Rampant Lion Device”, which is an integral part of the Scottish Coat of Arms, on its bottles. However, the Court also noted that the bottle has the words “Pride of India” written in bold along with an indication that the whiskey was manufacture in Bangalore, India.

²⁸ Civil Appeal 4179 of 2008 (decided on May 27 2008).

Most importantly, the Court noted the length of the delay on part of the respondents. On affidavit, the respondents admitted that they knew of the appellant's mark as far back as 1974 but did not take action until as late as 1986. Furthermore, on their own evidence, conscientious action was taken against those who were using trademarks which have some relation with use of a label, mark or insignia which reminds the customers of the products of Scotland which included words such as Scot, Glen and Highland. Respondents referred to as many as 19 judgments rendered by different High Courts in India and four decisions rendered by the Courts of France, Italy, Malaysia and the US state of Illinois to contend that all oppositions made and/or litigations filed ended in success.

The respondents proved with the above evidence that over the year they had been relatively proactive in protecting their mark. Unfortunately for them, this left the obvious question, as asked by the Supreme Court, "Why not have acted against the appellants sooner then?" This was the deciding factor for this case as the judges held that "We, therefore, in the peculiar facts and circumstances of this case, are of the opinion that action of the respondents is barred under the principles of acquiescence and/or waiver²⁹"

In India, if a trademark owner does not use a trademark in respect of the goods or service for which the mark has been registered, it may lose its rights over the trademark. This is even more significant since the introduction of service marks registration. The Trademarks Act, provide for removal of a registered trademark for continuous not-use for a period of five years and one month in respect of the goods or services for which it was registered.

The second case, another long pending and contentious involved the world famous and foreign mark TOSHIBA and an Indian company manufacturing household electronic under the mark TOSIBA.

Like the "Peter Scot" case, this case also involved an application (by an Indian entity, Toshiba Appliances, Co.) to rectify the register of trademarks on the grounds that the mark "Toshiba" was never "used" in India (in relation to some goods such as washing machines and spin dryers) and that the proprietor of this mark had registered that mark without any bona fide intention of using it in India merely to block it off against third party use.

Briefly the facts are as follows. In May, 1992 the Deputy Registrar of Trademarks, Calcutta, partially allowed the rectification application by deleting the goods "washing machines" and "spin dryers" from TOSHIBA'S registration in Class 7, holding that the mark Toshiba was not being used in relation to the said goods in India. On appeal by Toshiba Corporation, the Single Judge of the High Court of Calcutta, despite granting an ad interim order staying the operation of order passed by the Deputy Registrar, eventually dismissed the appeal on

²⁹ Kabushiki Kaisha Toshiba v. TOSIBA Appliances Co., & Ors.: Civil Appeal No. 3639 of 2008 (Decided May, 16 2008.)

the ground that Toshiba Corporation had failed to demonstrate a bona fide intention to use that trade mark Toshiba in relation to washing machines and spin dryers in India. This view was also upheld by the Division Bench of the High Court of Calcutta in its order dated December 8 2005 on an appeal by Toshiba Corporation. Therein the appellants preferred an appeal before the Supreme Court at New Delhi.

The key question before the Supreme Court was held to be whether TOSIBA was a person aggrieved under Indian Trademarks Law. Taking a practical view, the court was of the opinion that the lower courts had failed to consider the fact that Toshiba had not ever and did not show any intention of dealing in “washing machines and spin dryers”. Therefore it was held that TOSHIBA had failed to show that it would suffer any real harm or damage if the mark TOSHIBA was allowed to stand and therefore was not a person aggrieved. Keeping in mind this fact, the Supreme Court overturned all previous orders and held in favour of the TOSHIBA mark. In setting aside the decision of the Calcutta High Court, the judges of the Supreme Court noted that, “the balancing act between the user of registered trade mark and non-user should be such which leads to the possibility of neither of the parties being injured.”

Two cases involving well known trademark decided within a month. In the first, the rights of the senior mark were not upheld based on their acquiescence/delay. In the second, the rights of the foreign mark were upheld based on the lack of showing of damage. In both cases was however, a lot of inspiration was drawn from the evidence at hand and the need to be practical about such situations.

With the Scotch whisky case, the Supreme Court sent out a clear message: protect you rights diligently otherwise they will be taken away. With Toshiba, the courts have shown an intention to look beyond the surface and demand a higher standard of evidence of damage and injury in the case of dissimilar goods.

Even, in a recent case the Delhi High Court prohibited Colgate Palmolive India Ltd from broadcasting an advertisement that disparaged a similar product sold by Dabur India Limited. The court held that an advertisement which was contrary to honest practices in industrial or commercial matters, and which also challenged the reputation of the registered trademark of the plaintiff, amounted to infringement of the plaintiff's registered trademark under the provisions of the Trademarks Act. The court also held that even an indirect reference to another proprietor's trademark in a disparaging advertisement would constitute infringement of the trademark.

Austine Nichols & Co. & Anr v. Arvind Behl & Anr³⁰ where the High Court of Delhi restrained the Defendants from using the trade mark “BLENDERS PRIDE” for “alcoholic beverages including whisky or any other allied goods thereof” and it was held that the Defendants, merely by virtue of their obtaining registration

³⁰ 2006 (32) PTC 133 (Del).

in India prior to the registration by the Plaintiff do not acquire first past the post” rights and such registration would not hold goods.

In **Whirlpool Corporation & Anr. v. NR Dongre**³¹ the plaintiffs mark was Whirlpool and they had registered the same in India in 1977. However the mark had not been renewed. The Plaintiff’s mark had a worldwide reputation and the defendant was using the mark on Washing Machines. The plaintiffs had sold machines in a limited number to the US Embassy in India. However they had also advertisement in number of international magazines having circulation in India. The Court held that the mark Whirlpool had established a trans-border reputation in India and hence an injunction was brought against the defendants from using the mark Whirlpool for their goods.

In **Kamal Trading Co. v. Gillette UK Limited**³² injunction was sought against the defendants who were using the mark 7’O Clock on their toothbrushes. This was further reaffirmed by the Bombay High Court, which held that the plaintiff had acquired an extensive reputation in all over the world including India by using the mark 7’O Clock on razors, shaving creams. The use of an identical mark by the defendant would lead to the customer being deceived.

In **Aktibolaget Volvo v. Volvo Steels Limited**³³ it was held that the plaintiff had established a reputation in India in relation to its mark Volvo. It was advertised in various international magazines having circulation in India and the plaintiff had also registered the mark in India. The defendant had adopted the mark with fraudulent intentions to benefit from the reputation of the Plaintiff.

The addition of the concept of well-known marks in the Trademarks Act, 1999 reflects the trends of providing stronger statutory protection to newer concepts such as well-known marks and is a step in the right direction.

Milmet Of the Industries and Ors. v. Allergan Inc.³⁴ On July9, 2008, the Indian Trade Marks Registry ruled in favor of Ford Motor Company in an opposition brought by Ford against an application filed by Bhuvaneshwari Foundry, an Indian company, to register the trademark FORD for a number of goods, including diesel engines and pumps.

Considering the substantial evidence of Ford’s extensive worldwide use of the FORD mark, and Based on the evidence presented the Registry held that the FORD mark had a “considerable reputation and goodwill both nationally in India and internationally,” and was therefore a “well-known mark” in India opposing the trademark application of the respondent.

³¹ 1996 PTC 415.

³² [1988] IPLR 135.

³³ 1998 PTC (18) 47.

³⁴ 2004 (28) PTC 585 (SC).

Sony Corporation seems to be having a nightmare of sorts in protecting its brand SONY from third person violation. If the fact that SONY for “nail polishes” was not held to violate the rights of “SONY” of Sony Electronics³⁵ was used as a precedent by another Indian trader to defend the mark SONY for “frames for spectacle and goggles” from Sony Corporation³⁶. In both these cases, Sony Corporation failed to prove that their mark SONY was well-known and therefore should be protected across classes.

Both the above cited cases happened in 1980s and Sony Corporation must be thinking that now the passage of new Indian Trade Marks Act, 1999 on September 15, 2003 which gave statutory recognition to well-known trademarks, they can safely battle out any third parties violating their rights.

In the case of **AB Textiles v. Sony Corporation**³⁷, Sony Corporation could not defend the use of the trademark SONY by AB Textiles for ladies undergarment in Class 25 despite having prior, valid and subsisting registration for the mark SONY in Class 25. The Registrar while deciding the case against Sony Corporation relied upon the following factors:

- The Opponents (Sony Corporation) have not adduced any evidence in support of their use in class 25 despite having registration in the same class.
- The opponents are mainly using the mark SONY for electronic goods.
- AB Textiles have been using the mark SONY for ladies undergarment since 1998 continuously and extensively in the States of Assam and West Bengal;
- There has been not a single instance of confusion and deception that has been brought to the notice of the Tribunal by the opponents.
- The above-stated two cases serve as precedents and instances where identical marks have been granted registration. The Registrar also relied upon where BRIDGESTONE was allowed registration relation to “bicycle parts other tyres and tubes” against opposition by the registered proprietors of the same mark for heavy vehicles, tyres and tubes.
- SONY is not an invented word, but is a “feminine name” as well as a surname in India.

When a well-known mark is adopted by someone other than the registered proprietor, a consumer of average intelligence and imperfect recollection might consider it an extension of the brand. This can result in dilution of the goodwill and reputation enjoyed by the well-known trademark. Such use is likely to cause confusion and deception, which can lead to passing off. This viewpoint was recently adopted by Chennai IP Appellate Board

³⁵ AIR 1985 Bombay 327.

³⁶ 1989 IPLR 92.

³⁷ 2007 (35) PTC 288 (Reg.)

while hearing an appeal filed by Societe des Produits Nestle against the respondent's registration of its identical trademark MAGGI³⁸.

The appellant, who is engaged in the manufacture and sale of food stuffs, had filed for the removal of the trademark MAGGI from the register, claiming that it had been the proprietor and user of the internationally famous mark since 1883. In India, the mark had been in use since 1974 and exclusively denoted the appellant's goods and business. While examining the issues of the case, the board evaluated the definition of 'aggrieved person' which is the only party that can file an application for rectification of the register. The board referred to **Handi Trade Limited v. Addison Paints & Chemicals**³⁹ and held that the respondent's use of the mark in Class 8 was likely to cause confusion and deceptions among the public. Thus, the appellant was entitled to maintain the rectification application.

The board went on to clarify that the factors for determining a well-known mark are the duration, extent and geographical area of the mark's use. The purpose of the Trademarks Act, 1999 is to protect not only the proprietor of the trademark, but also the general public, which is susceptible to deception and confusion. The board held that the trademark MAGGI had acquired an extensive reputation among the public by way of sales and advertisements. Hence, the public would assume that any product bearing the mark MAGGI was manufactured by the appellant. Thus, any unauthorized commercial use thereof in relation to any goods or business was likely to be associated with the appellant's business. It was also averred that since the appellant was a prior user of the trademark, its interest in the mark ought to be protected. On the basis of these factors, the rectification application was allowed.

The principles of trans-border reputation have helped proprietors of well-known trademarks to prevent the infringement and dilution of their marks, even in the absence of use in India. A case in point is *Kabushiki Kaisha v. TOSIB Appliances Co.*, where a 1971 registration of well-known trademark TOSHIBA was upheld after being objected to on the grounds of non-use.⁴⁰ It was contended that since TOSHIBA was a well-known trademark in India and abroad, the use of a phonetic equivalent mark in respect of electronic and electrical goods would cause significant confusion and deception among the purchasing public. However, if the trademark is not in use in India, it is essential for the claimant to establish that there was adequate goodwill in its business and that it had a business reputation in India. For example, in *Worldwide brand Inc. v. Dayananti Jhamnadas Hinduja* it was held that it is for the firm to establish an adequate goodwill in the business which

³⁸ Societe des Produits Nestle SA v. Jai Ram, 2009 (39) PTC 514 (IP Appellate Board).

³⁹ 2003(27) PTC 241.

⁴⁰ AIR 2009 SC 892.

could be said suffer damage by reason of the activity of the other firm⁴¹. Thus, the claimed mark must be familiar in India and the general public must be aware of the claimant's association with the mark.

It has been established that a trans-border reputation can be ascertained by presenting evidence before the registrar of trademarks stating that the mark is well-known in India and that the general public connects the mark with the original proprietor.

According to the Trade Marks Act, 1999, determination of whether a trademark is well-known or not can be made by the Registrar of Trademarks in accordance with Section 11 (6) of the Act. The list provided by the trademark office seems to be in accordance with this section. However, no specific details for the selection of the list is mentioned on the website.

The genesis of well-known trademarks in India can be traced to the recognition of trans-border reputation and the protection accorded to famous mark by the Indian courts. The Indian courts have long had history for setting judicial precedent in order to plug 'statutory gaps'. There is a plethora of cases, decided by various High Courts, protecting famous marks in the absence of statutory protection the only protection available was under the Law of Passing off.

In **Dimler Benz Aktiengesellschaft v. Hybo Hindustan**⁴² an injunction was sought by the owner of the Mercedes Benz brand against the defendants, who were using the mark "Benz" and logo on underwear apparel. The following observation of the court is worth noting: "There are names and marks which have become household words." 'Benz' as name of a car would be known to every family that has ever used a quality car. Nobody can plead in India, where Mercedes Benz' cars seen on roads, that he is.

In the matter of *Zee Telefilms Ltd & Anr. v. Asia Today Ltd. & Ors* (2007), the High Court of Delhi, while demonstrating the favorable status accorded to well-known trademarks, granted an interim order directing the Registrar of Trademarks in India to refrain from processing and advertising any pending applications relating to the trademark 'Zee'. The petitioners had alleged that their mark 'Zee' and logo had been recognized in various decisions as having acquired a distinct secondary meaning entitling the trademark to protection in respect of disparate classes of goods.

The *Sholay* case widened the definition of trademarks to include protection to those film titles and/or characters that acquire a secondary meaning and would thus be entitled to trademark protection. In this case, the film *Sholay* and its character had acquired an iconic and cult status. The court held that a viewer is likely to associate the title 'Sholay' with the producers of the original film and restrained the proposed remake of the

⁴¹ 2009 (39) PTC 456 (Mad) (DB).

⁴² AIR 2005 SC 2677, 2005(1) SCALE 666, (2005) 4 SCC 649.

film titled Ram Gopal Varma Ke Sholay on the basis of infringement of the trademark ‘Sholay’, ‘Gabbar Singh’, etc.

More recently, there have been several domain name case that have highlighted the fact that well-known marks/names are being misused by cyber squatters. Some of the notable trademark sought to be misused are ‘Ranbaxy’ and ‘TATA’.

In this world of brand creation, brand identity and brand loyalty, **Shakespeare’s** famous quote, “**What’s in a name?** That which we call a rose by any other name would smell as sweet”, does not hold true at all.

XII. CONCLUSION:

Thus, from the above discussion it can be said that protection of well-known trademark is important not only from the business point of view but also for the protection of consumer from fraud and imposition. However, it is beneficial if combined action for infringement and passing off is brought in one suit as incorporating a plea of infringement, if the mark gets registered can always amend the plaint. But in an action for infringement alone the plaintiff may not be allowed to include a fresh cause of passing off in order to save the action. Since the scope of passing off action is wider than an infringement action, if an action fails, there is a chance of other succeeding. As stated in the preamble of the Trademarks Act, 1999, the law provides for a better protection of trademarks, the fact that the trademark law provides protection toward well-known trademarks has come out to be a reality. The present Act expressly recognizes the common law remedy and thus saves both the registered and unregistered trademarks from being misused.