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Protection of Well-Known Trademarks

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ABSTRACT

A well-known trademark is a popular mark, logo or a symbol that signifies a particular brand and it is the hard earned goodwill and reputation of a brand. A trademark becomes well-known based on the degree and duration of recognition which it receives in the market, the geographical area of recognition and the value associated with it. Registration and unauthorized usage of such a trademark leads to infringement of the trademark. Well-known trademarks are protected in most countries against marks which are considered to be a reproduction, imitation or translation of that mark only if they are likely to create confusion in the relevant market. "Protection of Well-Known Trademarks" is an emerging area and it was introduced only in the year 1999. A trademark is a unique sign or indicator used by an individual or a business to distinguish its goods or services from those of other goods or services. The provisions of well-known trademarks are incorporated in the Trade Marks Act, 1999. The main problem of the research is to find out how the court determines whether a brand has a well-known trademark or not, as the owners of such marks spend huge sum of money to build their reputation and maintain popularity in the market. This paper will find out when the dilution of trademarks occur. The aim of the research is also to examine about the protection of well-known trademarks in the jurisdiction of US and UK.

I. INTRODUCTION

A trademark is a unique sign or indicator used by an individual or a business to distinguish its goods or services from those of other goods or services. The provisions of well-known trademarks are incorporated in the Trade Marks Act, 1999 for not only protecting those marks which are identified with specific goods or services, but to protect the same mark from being used by other goods or services, if a significant section of the society would be misled to believe that there exists a relation in the course of trade between the holder of the trademark and the other mentioned goods or services.²

The Paris Convention for the Protection of Industrial Property 1883 and the Agreement on

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² V.K.Ahuja, Law relating to Intellectual Property Rights, (3rd Ed. Lexis Nexis 2019).

Trade-Related Aspects of Intellectual Property Rights (TRIPs) provides for the protection of well-known trademarks.

The necessity to protect well-known trademarks arose from the Paris Convention in 1920 under Article 6bis. This provision has an obligation on its member states to cancel or reject a registration, prohibit usage of trademarks that are similar and confusing to a well-known trademark. It relates to trademark protection of products and not services. But countries which belong to the Paris Convention can extend it to protection of services. Since this article of Paris Convention is insufficient for protection, the World Intellectual Property Organization (WIPO) has been trying to create a separate treaty for protecting famous and well-known trademarks (TRIPs). The Article 16 of the TRIPs agreement has improved the provision of well-known trademark in the Paris Convention. It not only protects similarity of marks but also where the trademark has a connection between the product and the owner of the trademark, it will cause damage to the owner of well-known trademark. The trademark of the product must be famous and its usage must be likely to create confusion.³

II. JUDICIAL TRENDS OF WELL-KNOWN TRADEMARKS

In the year 1999, the new Trademarks Act was legislated in India and came into force on September 15th, 2003. A significant change was brought in the act, which provides statutory protection to well-known marks which are protected under Common Law. The section 11(6) and 11(7) of the Trademarks Act, 1999 provides those considerations which the registrar needs to take into account while determining whether a mark is a well-known mark.

In the case of *McDonalds Corporation v. Joburger's Drive Inn restaurant & others*,⁴ it was held by the South African courts that phrase well known must be tested with reference to whether adequate number of people know that the mark is well enough to provide protection against confusion or deception.

The above section of the Trademarks Act was reinstated in the case of *Rolex Sa v. Alex Jewellery Pvt. Ltd. & Ors.*⁵ CS (OS) 41/2008. The action was brought by the plaintiff against the defendant in order to stop them from dealing with artificial jewellery and similar kinds of products in the name of Rolex. The court was of the view that since a sector of people already uses watch of the specific category or price range, and then the plaintiff's watches might be believed that it has a link with artificial jewellery. With the section 11(6) of the Trademarks

³ Vasheharan Kanesarajah, Protecting and managing well-known trademarks, Knowledge link newsletter from Thomson Scientific, November (2007).

⁴ *McDonalds Corporation v. Joburger's Drive Inn restaurant & others*, 1997 (1) SA 1 (A).

⁵ *Rolex Sa v. Alex Jewellery Pvt. Ltd. & Ors*, 2009 (6) RAJ 489 (Del) (India).

Act, the court took into consideration the duration, extent and geographical area of trademark and held that the Plaintiff's trademark is a well-known mark.

In the matter of *Kamal trading Co. v. Gillette UK Limited*,⁶ the plaintiff wanted an injunction against the defendants because on their toothbrushes they used the 7'O Clock mark. The court held that the plaintiff had a huge reputation of the mark 7'O Clock on their razors and shaving cream across the world. If the defendant was allowed to use the mark of the plaintiff, then it will definitely create confusion and deceive the customers.

In the case of *Whirlpool Co. & Another v. NR Dongre*,⁷ the mark of the plaintiff was Whirlpool and it was registered in India in 1977. But the mark was not renewed. This mark had a reputation all over the world and the mark was used by the defendant on washing machines. Some of the machines of the plaintiff were sold to the US Embassy in India. The plaintiffs made advertisements in various international magazines which are being circulated in India. The court held that the Whirlpool mark has a trans-border reputation established in India and an injunction was given to the defendants from using the Whirlpool mark on their goods.

In the matter of *Aktiebolaget Volvo v. Volvo Steels Limited*,⁸ the court held that the plaintiff has a well established reputation for its mark Volvo in India. The mark was registered by the plaintiff in India and it was also advertised in many international magazines which has a circulation in India. The mark was used by the defendant with a fraudulent intention to obtain benefit from the plaintiff's reputation.

In *Caterpillar Inc. v. Jorange and Another*,⁹ the trademark of the plaintiff Caterpillar or CAT was registered in 175 countries. It also had a valid Indian registration. The defendants began to use the marks Caterpillar and CAT on their garments. An injunction was granted by the court and held that a prima facie case was made out by the plaintiff regarding trans-border reputation established by it with regard to heavy duty vehicles across the world and with regard to garments in some countries.

III. DILUTION OF TRADEMARKS

Earlier the Trade and Merchandise Marks Act did have the concept of dilution of trademarks. The provisions for dilution of trademark were introduced in the Trade Marks Act, 1999. The owner of a prominent trademark can restrict others from using his mark in such a way that it

⁶ *Kamal trading Co. v. Gillette UK Limited*, 1998 IPLR 135 (India).

⁷ *Whirlpool Co. & Another v. NR Dongre*, 1996 PTC 415 (India).

⁸ *Aktiebolaget Volvo v. Volvo Steels Limited*, 1998 PTC 47 (India).

⁹ *Caterpillar Inc. v. Jorange and Another*, 1999 PTC 570 (India).

will reduce his individuality. Mostly dilution of trademarks relates to unlawful usage of trademark of another product that does not competes with each other and have a slight connection with that of the owner of the trademark. Example for trademark dilution would be, an eminent trademark used by one company to denote its electronic products may be diluted if another company uses the same to refer to body care products.

The Section 29(4) of Trade Marks Act, 1999 has the provisions relating to dilution of trademarks. The essentials for trademark dilution are:

- The impugned mark must be similar or identical to the injured mark.
- The dilution must be proved by a person who claims injury that his mark has a reputation in India.
- The impugned mark is used without due cause.
- The usage of the impugned mark leads to having an unfair advantage or detrimental to, the unique character or reputation of the registered trade mark.

In the case of *Daimler Benz Aktiengesellschaft v. Hybo Hindustans*,¹⁰ a major issue before the single judge was whether the defendant can use the mark 'BENZ' on undergarments. *The Hon'ble Judge applied this doctrine of dilution of trademark without using the term 'dilution'. The court held that there is no dilution of trademark of BENZ by the defendant with regard to a product like undergarments. The main focus of the judgment was on the great injustice which would have been done if the defendant were allowed to continue the usage of the mark and absolutely no analysis of dilution or any related legal principle was made.* The defendant was restrained by an injunction from using the name of BENZ on its undergarments. A person who has a very limited knowledge on cars would be easily able to associate the name of BENZ with the luxury car manufacturer. If the defendants were allowed to use, then it will dilute the reputation of the very high priced cars.

In *ITC v. Philip Morris Products SA & Others*,¹¹ the issue was that whether the plaintiffs mark "Welcome Group" on ITC hotels and Ready to eat food was diluted by the defendant in their "Marlboro" cigarettes. The court held that the distinctiveness associated with the mark is based on the impression and there is no dilution of trademark as its characteristics extends to the market of luxury goods and not to cigarettes.

The exceptions to trademark dilution are:

¹⁰ Daimler Benz Aktiengesellschaft v. Hybo Hindustans, AIR 94 Del 239 (India).

¹¹ ITC v. Philip Morris Products SA & Others, 2010 (42) PTC 572 (Del) (India).

- Any rightful use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famed mark by another individual other than as a designation of source for the person's own goods or services.
- Promotion or advertisement that allows consumers to compare goods or services.
- All forms of news reporting and news commentary.
- Any mark which includes parodies, criticism or comments.

In the case of *Louis Vuitton Malletier S.A. v. Haute Diggity Dog LLC*,¹² the defendant is a manufacturer of apparels for dogs under the mark 'Chewy Vuitton' which was a parody to the famous brand of plaintiff 'Louis Vuitton' apparels. The court held that 'Chewy Vuitton' did not dilute the trademark 'Louis Vuitton' as it was just a parody of 'Louis Vuitton'.

The two kinds of dilution of trademark are blurring and tarnishing. In the case of *Mead Data Central v. Toyota*,¹³ it was held by the court that blurring means the whittling away of an established trademark's selling power through its unauthorized use by others upon dissimilar products. Tarnishing means when an impugned mark links such mark to products that are of poor quality or which portray such mark in an unwholesome or unsavory context that is likely to reflect adversely upon the owner's product.

IV. PROTECTION OF WELL-KNOWN TRADEMARKS IN US AND UK JURISDICTION

United States is a member of the TRIPs Agreement and Paris Convention, but the Congress has passed a legislation to enforce these obligation and the courts are separated on whether the treaty provisions are self-executing. It has been argued by some people that when the terms of Paris Convention are applied, it will lead to serious conflict with the territoriality principle. While others have argued that famous marks of foreign brands in US needs to be protected in the absence of actual use or federal registration of the marks in the foreign country.¹⁴

The US enforces these standards by providing protection to the registered and unregistered well known trademarks which belong to domestic as well as foreign origin marks, from registration and use by unauthorized people through the provisions of Lanham Act, 1946. [S.43(a), S.43(c), S.44(b) and S.44(h) and S.2(a) and S.2(d)]. The federal law of US provides protection to trademarks from infringement or registration by some other party with similar mark for goods or services that are the similar, same, related or even unrelated only if there is likelihood to

¹² *Louis Vuitton Malletier S.A. v. Haute Diggity Dog LLC*, 507 F.3d 252 (4th Cir. 2007).

¹³ *Mead Data Central v. Toyota*, 875 F.2d 1026 (2d Cir. 1989).

¹⁴ Clark W Lackert and Maren C Perry, Global Protecting well-known and famous marks: a global perspective, available at http://www.buildingipvalue.com/08_global/63-66kingspalding.pdf accessed on 12-03-2019.

create confusion, whether or not the senior mark is registered.¹⁵

Under Section 43(a) of Lanham Act, 1946, the owner of a well-known mark can initiate an action for infringement of trademark in the US federal court. The court will determine whether there is likelihood to create confusion. A mark is not required to be registered to obtain protection. The law provides various factors that are non-exclusive and non-exhaustive to make the analysis. These factors consist of, but are not limited to, the similarity of the marks, the relatedness or proximity of the goods and/or services, the strength of the plaintiff's mark including the level of commercial recognition, marketing channels used including the similarity or dissimilarity between the consumers of the parties' goods and/or services, the degree of care likely to be exercised by purchasers in selecting goods and/or services, the defendant's intent in selecting its mark, the evidence of actual confusion, the likelihood of expansion in product lines, etc.

United Kingdom provides protection against the infringement for similar or dissimilar products under section 10(3) of UK Trademarks Act, 1994. Under section 56 of the UK Trademarks Act, well-known marks are protected against infringement for similar and identical goods.¹⁶ There are two types of marks. Marks with reputation and Well-known marks. Marks with reputation are protected under the European Trademark Harmonisation Directive (89/104/EEC) (Directive) and the Community Trademark Regulation (EC) 40/95 (CTMR). Well-known marks are protected by the enforcement of the Paris Convention for the Protection of Industrial Property and Article 16 of the TRIPs Agreement.

In UK it is a necessity to show that there was actual detriment to the mark by proving some kind of link found between the mark used by the defendant and the mark with reputation. The unfair advantage should be actual which means, there must be a proof that some kind of link is created between the new mark and the older mark with reputation.

The provisions relating to well-known marks in Paris Convention and TRIPs agreement are expressly enforced by the section 56 of the Trademarks Act, 1994. It is applicable to all marks which are considered to be well known in UK, irrespective of whether the brand has any goodwill or the owner carries on business. Only one criterion is required for eligibility of this provision is that, the owner of the brand must be a national of, be domiciled in or have a real and effective commercial or industrial establishment in a country which is a signatory to the Paris Convention. The owner of the brand can obtain injunction to restrain the use of the mark

¹⁵ <https://www.uspto.gov/trademark/laws-regulations/office-policy-and-international-affairs-well-known-marks>

¹⁶ *Supra* Note 13.

which is similar or identical to the mark in question in relation to similar or identical goods and the use of it would possibly create confusion among the consumers. The owner need not show that the use of the mark has damaged or is likely to cause damage to his brand.

V. CONCLUSION

Presently there are 81 well known trademarks recognized in India. The term dilution and infringement are being used liberally in India. Well known trademarks are given a lot of importance. It may restrict the area of honest users and might expose several businesses to actions for trademark dilution. It is necessary to prove that there is actual confusion among consumers with regard to the origin of goods.

Although trademark dilution is not a consumer-centric law, it should be openly adopted in Indian trademark Law. The provisions of section 24 of the Trademarks Act, 1999 should be amended to change the ambit by not considering all the marks with a reputation but only include those famous marks and exclude marks which are just well-known. The same or similar conditions provided in the Trademark Dilution Revision Act must be looked upon while determining whether a mark is famous or not. With regard to burden of proof, the owners of famous mark must prove actual dilution and the likelihood of dilution must not be sufficient.

The wide ambit of Section 24 of the Trademark Act, 1999 may lead to misuse of the provision by famous mark owners. This may be very dangerous because the owners of famous marks are usually corporate giants who might use the broad ambit of this provision to threaten the small businesses. An exception to criticisms, parodies and comments must be made.

The Trade Mark Rules, 2017 have been notified and have come into effect from 06th March, 2017. These Rules, which replace the erstwhile Trade Mark Rules 2002, will streamline and simplify the processing of Trade Mark applications. Some salient features of the revamped Rules are: Number of Trade Mark (TM) Forms have been reduced from 74 to 8. To promote e-filing of TM applications, the fee for online filing has been kept at 10% lower than that for physical filing. Based on stakeholder's feedback, the fees for Individuals, Start-ups and Small Enterprises have been reduced from that proposed in the draft Rules – i.e. only Rs.4,500/- as against Rs.8,000/- for e-filing of TM applications proposed at the draft stage. Modalities for determination of well-known trademarks have been laid out for the first time. The provisions relating to expedited processing of an application for registration of a trade mark have been extended right up to registration stage (hitherto, it was only up to examination stage). The overall fees have been rationalized by reducing the number of entries in Schedule I from 88 to just 23. Modalities for service of documents from applicants to the Registry and vice-versa

through electronic means have been introduced to expedite the process; e-mail has been made an essential part of address for service to be provided by the applicant or any party to the proceedings so that the office communication may be sent through email. Hearing through video conferencing has been introduced. The number of adjournments in opposition proceedings has been restricted to a maximum of two by each party, which will help dispose off matters in time. Procedures relating to registration as Registered User of trademarks have also been simplified.

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