

Relevancy and Need of Trademark and Passing of Property Under Trademark

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Abstract

Intellectual property rights help people to possess the ability to create and innovate in different fields. There are many types of intellectual property rights and one of them is a trademark. In a nutshell, a trademark refers to goods and services that are identified respectively with its manufacturer and supplier. It becomes very valuable because it is tied to quality and consumer expectations. Trademarks can be names, numbers, symbols, coined terms, colors or a combination of them, and can also be the texture or shape of the goods. Trademarks protect both the consumer and the trader's interests, because the consumer can associate the product with the quality that its merchant guarantees, and the trader can also deter competitors. use your trademark and make a profit through imitation in production. individual. This study reveals that adequate remedies have been provided in the Trade Marks Act not only against the infringement of trademarks but the Act has made stringent provisions for punishment of offences prescribed under the Act. However the studies of judicial trends reveal that civil remedies have been mainly confined to grant of injunction. So far as offences are concerned only stray cases have been found where criminal proceedings have been initiated. It is, therefore, submitted that for ensuring effective environment and protection of rights of trade mark proprietor the criminal remedies should also be invoked.

Keywords: Trade Mark, passing off, IPR. Infringement,

Introduction

Intellectual Property system (IPR) provides a boost to national wealth and contributes considerably to its sustainable development. The IPRs are necessary to protect the product or services for the business corporation to operate in the market driven economies. Hence, there is a great economic value attached to promote the use of Intellectual Property system and ensuing its effective protection. With the system of protection of Intellectual Property, the investors and innovators are motivated to invest their money and energy in developing the new product, process, literary work or any other artistic creation. The investment in Intellectual Property gives further boost to production and commercial activities for acceleration of the

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economic growth. Laws for the protection of Intellectual Property are not static and bound to change with the changes in technology and society.

The property generated with the help of human intellect is called “Intellectual Property”. The intellectual property law discourages others from copying or taking unfair advantages of the work or reputation of another and provides remedies for their infringement. The main object of this branch of law is the protection of intellectual property rights. IPRs are the rights given to people over the creation of their minds. IPRs are crucial to the business organization. They are stimulus to innovation, vehicle for technology transfer and attracting finances for further development of IPRs.¹

Evolution of Trade Marks Laws

Prior to the enactment of Trade Marks Act, trade marks used to be called common law marks and they could not be registered as there was no statutory law. The owner of trade mark had to seek common law remedy of passing off against infringement of his mark. The first statutory protection prior to independence of India was given through Trade Marks Act, 1940. This Act was based on the Trade Marks Act, 1938 of England.

TRADE MARK – As a Intellectual Property Trade mark is one of the Intellectual Property assets. Trade mark has enormous value for an enterprise. These are the marks that are external to the goods to make the public identify a certain quality and image associated with that product or service. It is an important means of promoting goodwill with the clients and improving the bottom line. It is used as a product differentiator. It speaks about the product’s origin and its design. It is a valuable marketing tool in today’s competitive markets. It has a legal protection to keep others away from using it. The trade marks are associated with quality, security and even a sense of belonging in the minds of the consumers for that product. Trade mark is a legally protected valuable marketing tool for the product differentiation. The trade marks convey to us the important information of the source and the distinct characteristics of the product. Therefore, trade marks are important marketing tools and the foundation of the competition for the businesses. Presence of a lot of trade marks in market also signifies the freedom of choice to the consumers. Once a trade mark is registered, it can be renewed indefinitely, provided it is still being used in business and commerce. However, the owner must prevent the public from misusing the brand name to refer to all similar products. This is done by reminding the public through advertising that their brand names are trade marks and not just words.²

Object of Trade Mark Law

¹ http://shodhganga.inflibnet.ac.in/bitstream/10603/56253/6/06_chapter%201.pdf last assessed on 11 may 2018 1300 hrs

² http://shodhganga.inflibnet.ac.in/bitstream/10603/56253/6/06_chapter%201.pdf last assessed on 11 may 2018 1515hrs

The object of Trade Mark Law is to provide legal protection of trade marks for goods and services and prevent fraudulent use of marks. The unique feature of trade mark, which distinguishes it from other categories of IPRs, viz. , copyright, patent and designs is that the trade marks are given legal protection not for a fixed term but for indefinite term, provided other legal conditions, such as renewal are fulfilled.

In Laxmikant V. Patel V. Chetanbhai Shah AIR 2002 SC 275 : (2002) 24 PTC 1 (SC), the Supreme Court has explained the objectives of Trade Mark In these words :

“The law does not permit anyone to carry on his business in such a way as would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated therewith. The reasons are two, firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else, it results in confusion and has probability of diverting the customers and clients of someone else to himself and thereby resulting in injury”

Meaning of Trade Mark

Trademark” is another way of referring to brands.

Trade mark is a product of competitive trade practices. Every trader seeks to sell his product by its name and distinctiveness. The changing business practices have also changed the concept and philosophy of trade mark. It is, therefore, necessary to understand the essential characteristics and the purposes for which a trade mark is used.

Definition of Trade Mark

A trade mark is a visual symbol in the form of a word, device or a label applied to the articles of commerce with a view to indicate to the purchasing public that they are the goods manufactured or dealt by other persons. Section 2(zb) of Trade Marks Act, 1999 defines “trade mark” as a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours.

Section 2(m) defines “mark” as a device, brand, heading, label, ticket, name, signature, words, letter, numerals, shape of goods, packaging or combination of colours or any combination thereof .

Reading together, it may conclude that the definition of trade mark is inclusive and not exhaustive. There could be various types of combinations of words, names, letters, to create a trade mark.

Importance of Trade Mark In Trade And Commerce

Importance and justification of trade mark in present global business environment are:

(1) Economic justification : From the economic point of view, a trade mark is merely a symbol that allows a purchaser to identify goods or service that have been satisfactory in the past and distinguish the goods or service that have failed to give satisfaction. Trade marks perform two important market function

- (i) They encourage the production of quality products and
- (ii) They reduce customer's cost of shopping and making purchase decisions. Trade marks play a crucial role in own free market economic system.

(2) Quality Justification : An important purpose underlying trade mark law is the protection of the trade mark owner's investment in the quality of the mark and the quality of the goods or service, which the mark identifies..

(3). Advertising Justification : A trade mark is species of advertising, its purpose being to fix the identity of the product and the name of the producer in the minds of the people, who see the advertisement for marketing decisions. If the trade mark owner succeeds in creating a favourable image for the trade mark in the market place, the mark itself can become a significant factor in stimulating sales.

Role of Trade Mark

Trade mark, being a relevant component, in a competitive market environment is assuming growing significant in the recent era. The trade marks came to serve a different function with the development of commercial trade. There is identification of source of goods offered for sale in the market place. The good trade marks are associated with quality, security and sense of belonging in the minds of the consumers for that product. Few trade names like those of TATA, Godrej, Parley's, embody the goodwill of the company and institution they represent. A registered trade mark gives the legal right to use, license or sell it within the territory, country or region from the goods and service for which it is registered.³

Significance and Types of Trade Marks:

³ http://shodhganga.inflibnet.ac.in/bitstream/10603/56253/6/06_chapter%201.pdf last assessed on 12 may 2018 1242hrs

Significance of trademarks: The Significance of a trade mark is to give an indication to the purchaser as to identification of its manufacture or quality of the goods.

(1) It gives the purchaser a satisfactory assurance of the mark and quality of the article he is buying.

(2) A trademark may be used to indicate not only that the goods are of a particular maker but are goods of that maker of a particular kind or quality.

Types of trademarks: To understand the scope of trade mark, it is imperative to know the different types of marks. Hence, the details of different marks are explained. A Mark includes a device, brand, heading, label, ticket, name, signature, word, letter, numerals, shape of good, packing or combination of colours or any combination thereof. Hence, it is imperative to know different types of marks in existence in modern business which are as follows :

1. **Device** : Device is a mark, which refers to any pictorial representation, which does not come under any other category, Objects like animal, birds, landscape building, etc., falls within this category. Macdonald's double arches, Apple Computer's bitten apple and NBC's Peacock are some of the examples of logos that have become trademarks.

2. **Brand** : Brand refers to those kinds of marks which are branded on the goods or services. It implies that the symbols themselves constitute the trade mark. Example : Cycle brand Agarbathis

3. **Label**: It refers to a composite mark containing various devices, words and descriptive expressions, usually printed on paper, which can be pasted or attached to the goods themselves or their containers.

4. **Ticket** : It appears to be something stitched or tagged on the goods and containing the mark printed or pasted thereon. Example: “ ” Mark, Crocodile, Fast Track etc.,

5. **Name** : It refers to the name of a company, individual or firm. It includes an abbreviation of a name and also word, letter. Example: TATA

6. **Shape** : Shape of goods and package including case, box and container etc., does form a trade mark. Example: Shape of the coco cola bottle called the contour bottle.

7. **Letter** : Letter as mark is the identity created out of letterforms and has its inbuilt strength of individuality. The letter forms have been very useful elements for designers to work with and develop a

successful mark. Some popular examples of letter marks as trade marks are IBM, GM, etc., The sound trademarks are becoming popular, as sound signatures do not need translation.⁴

Need of Trade Marks :

Consumers' purchasing decisions are influenced by trademarks and the reputation such brands represent. It is important for business people to have an understanding of why trademarks are important assets and help grow their business. Here are the seven top reasons of why trademarks are important to your business.

- 1. Trademarks are an effective communication tool :** In a single brand or logo, trademarks can convey intellectual and emotional attributes and messages about you, your company, and your company's reputation, products and services. Your trademark doesn't need to be a word. Designs can be recognized regardless of language or alphabet.
- 2. Trademarks make it easy for customers to find you.** The marketplace is crowded and it's hard to distinguish your business from your competitors. Trademarks/brands are an efficient commercial communication tool to capture customer attention and make your business, products and services stand out. Customers viewing a trademark immediately know who they are dealing with, the reputation of your business and are less likely to look for alternatives. Your brand could be the critical factor in driving a customer's purchase decision.
- 3. Trademarks allow businesses to effectively utilize the Internet and social media.** Your brand is the first thing customers enter into a search engine or social media platform (Facebook, Twitter, Pinterest) when looking for your products and services. Higher traffic on a website or social media platform translates into higher rankings, bringing even more traffic, more customers and more brand recognition.
- 4. Trademarks are a valuable asset.** Trademarks can appreciate in value over time. The more your business reputation grows, the more valuable your brand will be. Trademarks provide value beyond your core business.

Infringement of Registered Trade Mark (Section 29)

⁴ http://shodhganga.inflibnet.ac.in/bitstream/10603/56253/6/06_chapter%201.pdf last assessed on 12 may 2018 1253hrs

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A registered trade mark is infringed by a person who, not being a registered proprietor or the registered user, uses in the course of trade, a mark which is identical or deceptively similar in relation to the same goods or services in respect of which the trade mark is registered.

Passing off Action :

In case of unregistered trade mark the remedy based on passing off action has been provided under Section 27 (2). Section 27 is reproduced hereunder :

Section 27 : “*No action for infringement of unregistered trade mark* – (1) No person shall be entitled to institute any proceedings to prevent, or to recover damages for the infringement of an unregistered trade mark.

(2) Nothing in this Act shall be deemed to affect the right of action against any person for passing off goods or services as goods of another person or as services provided by another person, or the remedies in respect thereof.”

I. Essential Features of Passing off Action

The object of this remedy is to protect the goodwill and reputation of a business from encroachment by dishonest competition. The basis of passing off action is misrepresentation. It is an actionable wrong for any person to pass off his goods or business as and for the goods or business of another person. In an action based on passing off the plaintiff must show that –

- (i) There is a misrepresentation made by defendant in the course of trade, to prospective customers or ultimate customers of goods or services supplied by him;
- (ii) There is a misrepresentation calculated to injure his business or goodwill; and
- (iii) The plaintiff has suffered damage to business or goodwill.

In *K Narayanan and Anr. V. S. Murali*, the Supreme Court held that made filing of an application for registration of a trade mark does not constitute a part of cause of action in a suit for passing off. The appellants cannot file the suit in the High Court seeking an injunction to restrain the respondent from passing off his goods using the trade mark application of respondent filed before the Trade Mark Registry< since the necessary requirements of an action for passing off are absent.

II. Modes adopted for Passing Off:

The various modes adopted for passing off may include –

- (i) Direct false representation,
- (ii) Adoption of trade mark which is same or colourable imitation of trade mark of rival trader,
- (iii) Adoption of essential parts of rival trader's name,
- (iv) Copying the get-up or colour scheme of the label used by a trader,
- (v) Imitating the design or shape of the goods, or
- (vi) Adopting the word or name by which the rival trader's goods or business is known in the market.

Ground for Determination of Deceptive Similarity in Passing off Action

In *Cadila Health Care Ltd. V. Cadila Pharmaceuticals Ltd.*, following factors have been stated by the Supreme Court in determining deceptive similarity in action based on passing off :

- (a) The nature of the marks , *i.e.* whether the marks are word marks or label marks or composite marks, *i.e.* both words and label marks.
- (b) The degree of resemblance between the marks, phonetically similar in idea.
- (c) The nature of the goods in respect of which they are used as trade marks.
- (d) The similarity in the nature, character and performance of the goods of the rival traders.

Select Cases on Passing off

- (1) Recently, the Supreme Court upheld the claim of respondent to use trade mark 'MALIKCHAND' for *pan masala* on the basis of prior user and restrained the appellant from using trade name 'MANIKCHAND' based on passing off action. In this case plaintiff – respondent was using trade mark 'MALIKCHAND' since 1959, whereas, the defendant – appellant started selling his product (*pan masala and gutka*) in the name of 'MANIKCHAND' in the year 1988 only.
- (2) In *Laxikant Patel V. Chetan Bhat*, the plaintiff appellant was running a studio in the name of 'MUKTIVAN COLOUR'. The defendant who was running the studio in the name Gokul Studio later changed the name as "MUKTI JIVAM COLOUR LAB STUDIO" with the intention to make use of business name of plaintiff. Since the plaintiff had acquired goodwill as to quality of service being

rendered, there is likelihood of injury which could be caused to him. The Supreme Court restrained defendant from using name “MUKTI JIVAN COLOUR LAB STUDIO”.

Legal Remedies Against Infringement And Passing Off A Trade Mark

The legal remedies which are provided under Trade Marks Act, 1999 are not related or confined to mere infringement and passing off but also related to falsification of trade mark and breach of other statutory obligations cast upon trade mark proprietor or user. The remedies may be classified into civil and criminal remedies.

I. Civil Remedies (Sections 134 and 135)

- a. Who can file suit : Following persons can file suit for infringement or passing off :
 - i. The registered proprietor or his legal successor.
 - ii. The Registered user of a trade mark subject to prior notice to registered proprietor.
 - iii. An applicant for registration of trade mark provided the suit shall sustain only when his trade mark is granted registration.
 - iv. Legal heirs of deceased proprietor of a trade mark.
 - v. Any one of the joint proprietor of a trade mark registered in India and the infringement has taken place in India.
- b. Against whom the suit can be filed : The civil suit for infringement or passing off can be filed against the following persons :
 - i. The person who is directly infringes or passes off the trade mark of plaintiff.
 - ii. The agent of infringer.
 - iii. The master in whose employment and under whose authority the servant commits infringement.
 - iv. The directors and promoters of a limited company can be joined as defendant only when they have personally committed or directed infringement of trade mark.
- c. Where the suit can be filed (Section 134) : the suit for infringement or passing off arising out of use by the defendant of any trade mark which is identical with or deceptively similar to the plaintiff's trade mark, whether registered or unregistered, shall be instituted in District Court having jurisdiction to try the suit.
- d. Limitation for filing suit : As per Limitation Act , the period of limitation for filing suit for infringement of trade mark is three years from the date of infringement. Where the

infringement is continuing one, a new cause of action would arise every time an infringement occurs.

- e. **Burden of Proof** : In a suit for infringement burden of proof lies on plaintiff. The plaintiff must prove that trade mark use by defendant is deceptively similar to the trade mark of plaintiff. Similarly in action for passing off the plaintiff must prove that his mark has become distinctive. He must further prove the defendant's use of disputed mark is likely or calculated to deceive or cause confusion or injury, actual or probable to the goodwill of the plaintiff's business.

II. Relief in suits for Infringement or for Passing Off (section 135)

- a. The relief which a court may grant in any suit for infringement or for passing off referred to in section 134 includes injunction (subject to terms, if any, as the court thinks fit) and at the option of the plaintiff, either damages or an account of profits, together with or without any order for the delivery-up of the infringing labels and marks for destruction or erasure.
- b. The order of injunction under section (1) may include an ex parte injunction or any interlocutory order for any of the following matters, namely : -
 - i. For discovery of document;
 - ii. Preserving of infringing goods, documents or other evidence which are related to the subject – matter of the suit ;
 - iii. Restraining the defendant from disposing of or dealing with his assets in a manner which adversely affects plaintiff's ability to recover damages, costs or other pecuniary remedies which may be finally awarded to the plaintiff.

III. Criminal Remedies (Section 102 to 120) : In the Trade Marks Act, 1999, provisions have been made for punishment of various offences which may be committed by person with regard to falsification of trade mark. The criminal proceeding can be initiated in addition to civil suit. In case of offence under sections 103 and 104 if the offence is repeated, the minimum imprisonment of six months shall be enhanced to one year and the minimum fine will be raised to Rs. 1 Lakh. Further, when a person is convicted under sections 103 and 104 or even if he is acquitted on the ground that he acted without intention to defraud, the Government may direct forfeiture of goods. In case of offence by the companies, the company as well as every person in charge of, and responsible to the company for conduct of its business at the time of commission of offence shall be liable to be proceeded and punished accordingly..

The study made above reveals that adequate remedies have been provided in the Trade Marks Act not only against the infringement of trade marks but the Act has made stringent provisions for punishment of offences prescribed under the Act. However the study of judicial trends reveal that civil remedies have been mainly confined to grant of injunction. So far as offences are concerned only stray cases have been found where criminal proceedings have been initiated. It is, therefore , submitted that for ensuring effective environment and protection of rights of trade mark proprietor the criminal remedies should also be invoked.

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