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“शिक्षा मानव को बन्धनों से मुक्त करती है और आज के युग में तो यह लोकतंत्र की भावना का आधार भी है। जन्म तथा अन्य कारणों से उत्पन्न जाति एवं वर्गगत विषमताओं को दूर करते हुए मनुष्य को इन सबसे ऊपर उठाती है।”

— इन्दिरा गांधी

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*“Education is a liberating force, and in our age it is also a democratising force, cutting across the barriers of caste and class, smoothing out inequalities imposed by birth and other circumstances.”*

- Indira Gandhi

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Indira Gandhi  
National Open University  
School of Law

**MIP-104**  
**Trademarks, Domain**  
**Names and Geographical**  
**Indications**

Block

**2**

**TRADEMARKS-II**

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**UNIT 5**

**Trademarks: The Paris Convention and the TRIPS Agreement**

**5**

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**UNIT 6**

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## **BLOCK 2 TRADEMARKS-II**

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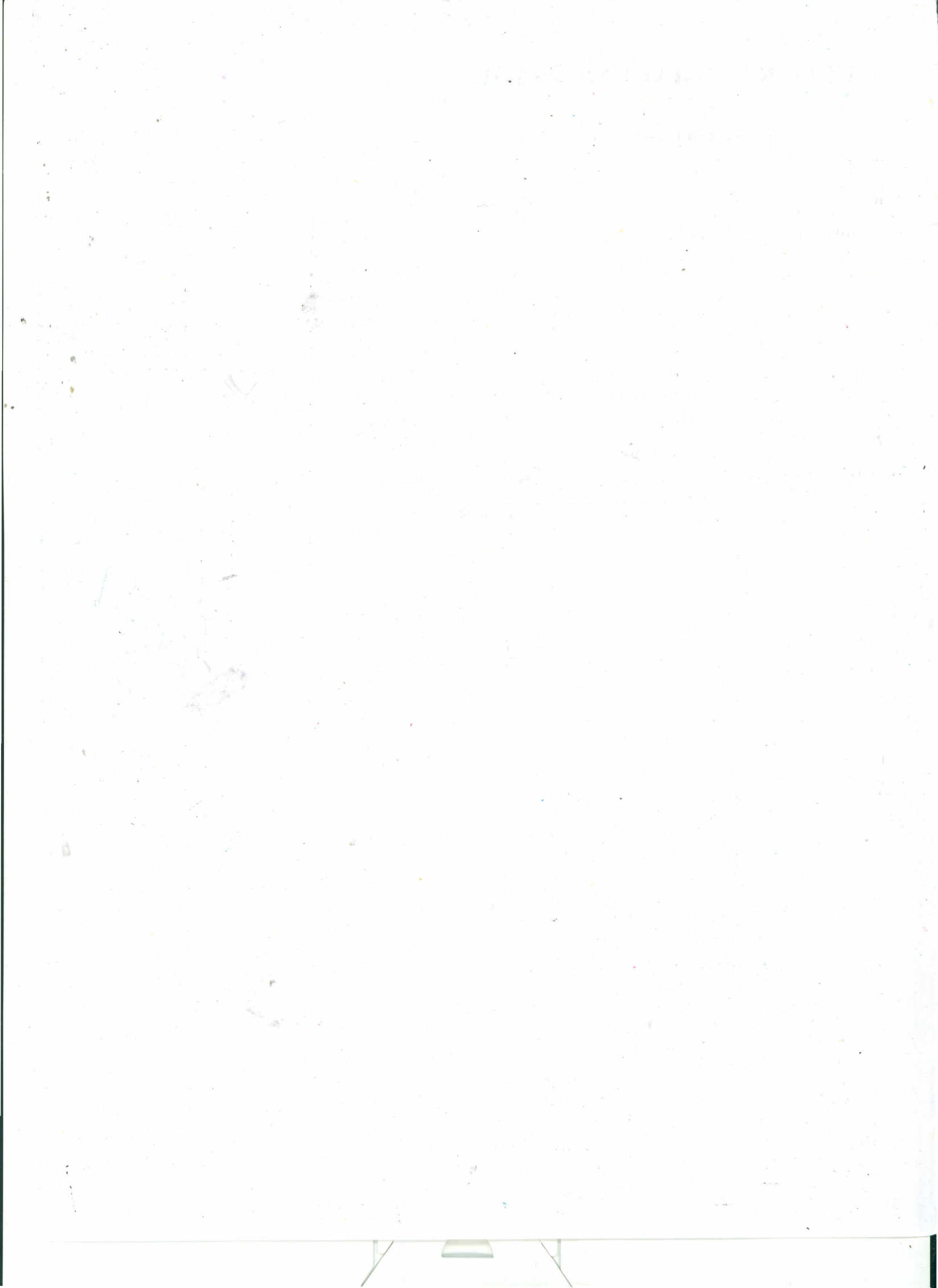
This Block consists of four units.

**Unit 5** of this course deals with trademarks, the Paris Convention and the TRIPS Agreement, In this unit we will cover topics like functions of trademark, registration, fundamental principles for registration, procedure for trademark registration, certification mark, collective marks, Paris convention, TRIPS etc.

**Unit 6** of this course deal with Madrid System and the international protection of trademark extensively. In this unit the other topics included in it are objectives of Madrid system, advantages of Madrid system, international application, effects of international regulation, dependence on the Basic mark, duration of registration and renewal etc.

**Unit 7** of this course deals with infringement of trademark and remedies thereof. It also deals with infringement causes, parallel importation, remedies, passing off, offences etc.

**Unit 8** of this course deals with goodwill and passing off. It includes case studies on passing off, dilution of trademarks, goodwill etc.



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# UNIT 5 TRADEMARKS: THE PARIS CONVENTION AND THE TRIPS AGREEMENT

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## Structure

- 5.1 Introduction
- 5.2 Objectives
- 5.3 What is Trademark?
- 5.4 Functions of Trademarks
- 5.5 Registration
- 5.6 Fundamental Principles for Registration
- 5.7 Procedure for Trademark Registration
- 5.8 Certification Marks
- 5.9 Collective Mark
- 5.10 Paris Convention
- 2.11 TRIPS – The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)
- 5.12 Summary
- 5.13 Terminal Questions
- 5.14 Answers and Hints
- 5.15 References and Suggested Readings

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## 5.1 INTRODUCTION

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Many foreign scholars trace back the history of Trademark law with the origin of Trademark protection to Greek or Roman times.<sup>1</sup> The period between 1860 and 1910 witnessed the development of many characteristic features [of current trademark laws]<sup>2</sup> such as:

- A legal understanding of trademark as a sign – indicating trade origin;
- The establishment of a central registry in 1875;
- The conceptualization of the Trademark as an object of property<sup>3</sup>;
- The recognition of a dual system of protection a) based on registration and b) based on use in the market place;
- The development of international arrangements for the protection of marks in foreign territories.

In India, the Trademarks Act, 1940 was the first statute of law of trademarks. Prior to the Act of 1940, the Trademarks was protected under the Common law

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<sup>1</sup> E.g. W. Robertson, 'On Trademarks' (1869) JSA 414

<sup>2</sup> Lionel Bently in his article 'The making of Modern Trademarks Law..',

<sup>3</sup> For detail please refer "*Communication to Thing: Historical Aspects to the Conceptualisation of Trademarks as Property*", Prof. Lionel Bently, University of Iowa Legal Studies Research Paper, Number 2007/31.

and the cases relating thereto were decided under Section 54 of the Specific Relief Act, 1877, while registration were secure obtaining a declaration of ownership under the Registration Act, 1908.<sup>4</sup> In 1943, the Trademark Registry was separated from the Patent Office, Calcutta by the Trademarks Amendment Act, 1943 to constitute a separate Trademarks Registry under a Registrar of Trademarks at Bombay.

Later, after independence and upon the recommendations of the report of Mr. Justice Ayyangar, the Govt. of India had replaced the Trademarks Act, 1940 by the Trade & Merchandise Marks Act, 1958 ('the 1958 Act'). The 1958 Act consolidated the provisions of the Trademarks Act, 1940, the Indian Merchandise Marks Act, 1889(which was in force since 1.4.1889) and the provisions relating to Trademarks in the Indian Penal Code. It was brought into force on 25th November 1959.

Subsequently, the Trade & Merchandise Marks Act, 1958 has been thoroughly revised and replaced by the current Trademarks Act , 1999. The same has come into force from 15.09.2003.

Major Changes brought by the TM Act 1999:

- 1) Providing for registration of trademark for services and three dimensional marks;
- 2) Registration of trademarks, which are imitation of well-known trademarks, not to be permitted;
- 3) Grounds of refusal of registration under Section 9 and 11 are enlarged;
- 4) Amplification of factors to be considered for defining a well-known mark;
- 5) Provide only a single register with simplified procedure for registration;
- 6) Providing for registration of 'collective marks' owned by associations, etc.
- 7) Enlarging scope of permitted use for registered user(s);
- 8) Providing an Appellate Board for speedy disposal of appeals and rectification applications;
- 9) vesting the final authority for registration of certification marks from the government to Trademarks Registry;
- 10) providing enhanced punishment for offences relating to trademarks on par with the present Copyright Act, 1957, to prevent sale of spurious goods;
- 11) prohibiting use of someone else's trademarks as part of corporate names, or name of business concern;
- 12) extension of application of convention country to include countries which are members of group or union of countries and Intergovernmental Organisation.

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<sup>4</sup> For reference please also see *Whirlpool Corporation vs. Registrar of Trademarks 1998 (Suppl.) Arb. LR 553.*

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## 5.2 OBJECTIVES

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After reading this unit, you should be able to:

- explain the concept of trademarks;
- describe the function of Trademarks Act 1999;
- explain the registration procedures of trademarks; and
- describes the collective mark and certification and outlines the registration procedures.

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## 5.3 WHAT IS TRADEMARK?

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A Trademark is a sign that is used to distinguish the goods and services of one party from those of others. A Trademark can be a letter, number, word, phrase, logo, graphic, shape, smell, sound or combination of these things.

Section 2 (1) (zb) of the TM Act defines the term Trademark as:

*“A mark:*

- *Capable of being represented graphically, and*
  - *(which is) capable of distinguishing the goods<sup>5</sup> and services<sup>6</sup> of person from those of others and*
  - *May include shape of good, their packaging and combination of colours; and*
- i) *in relation to **Ch XII** (other than Sec. 107), a registered Trademark or a mark used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right as proprietor to use the mark; and*
- ii) *in relation to **other provisions of this Act**, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right, either as proprietor or by way of permitted user, to use the mark whether with or without any indication of the identity of that person, and **includes a certification Trademark or collective mark;**”*

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<sup>5</sup> *“goods” is defined to mean anything which is the subject of trade or manufacture. [Sec. 2(1)(j)]*

<sup>6</sup> *“service” means service of any description which is made available to potential users and includes the provision of services in connection with business of any industrial or commercial matters such as banking, communication, education, financing, insurance, chit funds, real estate, transport, storage, material treatment, processing, supply of electrical or other energy, boarding, lodging, entertainment, amusement, construction, repair, conveying of news or information and advertising [Sec.2(1)(z)]*



Being an **inclusive definition**, the definition of trademark as defined under the TM Act includes **any mark** within the definition of Trademark so long as:

- a) **the mark**, which should be
- b) **capable of being represented graphically**; and
- c) **capable of distinguishing the goods or services of one person from those of others**.

a) **Mark:**

Section 2(1)(m) defines the term Mark includes “a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof.”

The definition of Mark under the TM Act is an inclusive definition, however, by virtue of the definition of trademarks under the TM Act, only those marks that possess a capacity or ability to distinguish goods or services of one person from those of others and will be able to get represented graphically, will be able to get protected as a trademark.

b) **Graphical Representation:**

Rule 2(1)(k) of the Trademark Rules defines the term ‘**graphical representation**’ as *representation of a trademark for goods and services in paper form*. This, however, does not mean that a Trademark must be written or printed on piece of paper and placed on goods or packaging thereof.

It only means that *it should be capable of being put on the register in the physical form and also of being published in the journal*.

Thus, a three dimensional mark or even a sound mark is capable of being registered as a trademark, so far as they are capable of being represented graphically.<sup>7</sup> The roar of the MGM lion is one of the very famous sound mark.

However, it has to also bear in mind that the 'graphical representation' /description of a sound mark should always clearly identify the exact sound. Further, merely musical notes without a proper listing of the note pattern would not provide enough sensory information to contemplate the scope of protection of the mark.

Also if the sound is clearly explaining or indicating the functional aspect of the goods, the mark may be refused registration as being descriptive.

In the U.S. Trademark Application Serial No. 76681788, the applicant sought to register the following sound mark for use in connection with pet toys:

*"an audio waveform of a nominal square wave of 6.1 KHz that increases to 11.4KHz over a period of approximately 140 msec."*

Upon reviewing the accompanying sound file (containing the sound of a mouse squeak) which serves to clarify the description of the mark and which is made part of the application, the USPTO refused registration under the Trademark Act because the realistic and authentic nature of the mouse squeak sound serves a utilitarian or functional advantage for applicant<sup>8</sup>.

The Authority also noted that applicant's competitors would be at a disadvantage if their pet toys made unrealistic or non-authentic mouse squeaks. Relying on evidence made of record, the examining attorney explained the utilitarian advantage of a sound replicating the sound of a realistic mouse is that pets will be more likely to regard the toy as actual prey, since cats and dogs often prey on mice and small rodents. As pets have a propensity to prey on mice, and would be more interested in a toy that emits such a sound, a realistic mouse sound is a functional aspect of applicant's goods. Because the realistic mouse sound is a functional aspect of the applicant's goods, the mark is refused registration.

**India's First Sound Mark:** On August 18, 2008, the TM Registry, Delhi branch, has issued the India's first sound Trademark to internet based web services providing firm Yahoo Inc on its three-note Yahoo yodel, in class 35, 38 and 42.

In the application Yahoo Inc. has represented its three-note Yahoo yodel mark using musical notations.

In the case of three-dimensional mark, the reproduction of the mark shall consist of a two-dimensional or photographic reproduction of *three different view of the trademark*. [Ref Rule 29(3)]. Further, it is advisable for the applicant to also state in the application that the application is for a *shape mark*.

Where the trademark contains a word(s) in script other than Hindi or English, a transliteration and translation of each word in English or in Hindi should be given indicating the language to which the word belongs. The graphical representations should be clear, precise, self-contained, legible, easily accessible, accurate, and objective.

<sup>7</sup> Ty Nant Spring Water Appl. (1999) RPC 392.

<sup>8</sup> [http://www.wipo.int/sct/en/comments/pdf/sct23/ref\\_usa.pdf](http://www.wipo.int/sct/en/comments/pdf/sct23/ref_usa.pdf) (visited on August 01, 2011)

**Shape:**

Not in all cases, shapes (of the object) will be allowed to be get registered. As per Section 9(3): *a trademark shall not be registered as a trademark if it consists exclusively of –*

- i) *the shape of goods which results from the nature of goods themselves; or*
- ii) *the shape of goods which is necessary to obtain a technical result; or*
- iii) *the shape which gives substantial value to the goods.*

**Scents:**

There is no explicit exclusions or inclusion of scents in the Indian Trademarks Act 1999. However, since there are inherent difficulties of correctly representing the same graphically so far there is no registered sent marks in India. However, in certain other jurisdictions there are the incidents of the registration of *scents* as a trademark. E.g. Australian Trademarks Act (Trademarks Act, 1995) does not exclude scents from its definition of sign.

It is here to bear in mind that all the marks needs to comply with the certain criteria of registrability (for detail please refer Chapters 'Registration' and 'Grounds for Refusal'), one of the same is that it should be distinctive and as a general rule should not describe the goods and services for which its being used.

Thus, if the scent is clearly explaining or indicating the functional aspect of the goods, the mark may be refused registration as being descriptive. E.g.:

In the U.S. Trademark Application Serial No. 78483234, the applicant sought to register the scent of mint for use in connection for face masks for medical use. The USPTO refused registration because the particular features of this proposed mark, namely, a mint scent, are functional for the goods as it makes the use of a face mask more pleasing to use and/or compliance with use of such a mask is more likely.

The examining authority provided evidence by attaching medical articles, journals and letters noting that *the use of scented face masks increases compliance with inhalational anesthesia in children*. Moreover, the examining attorney attached evidence taken from applicant's own website catalogue touting the usefulness of the mint scent in the face masks as delivering "a constant breath of fresh air." Because the mint scent served as a functional aspect for the goods, registration was refused under the US Trademark Act.

**Geographical names – registrable or not**

The Geographical name of a place is prohibited from being registered as a Trademark, because name would lead the consumer to believe that the goods originate from that place thus causing confusion and even deception.

This prima facie disability of a geographical name can be cured if evidence of distinctiveness is furnished. However, the name of places of industrial or commercial importance (or even a famous place) cannot be registered even if upon proof of extensive and longer use.

Example where geographical names refused: “Simla” for manufactured Tobacco, in spite of substantial sales and publicity, since Simla being a well-known place.<sup>9</sup>

Example where geographical names allowed: ITALIA for motor cars allowed registration upon evidence of distinctiveness.<sup>10</sup>

Use in relation to Goods and Services: To get registered a Trademark it is mandatory that the mark should be used, or proposed to be used, in relation to goods or services.

*‘Goods’ means anything which is the subject matter of trade and manufacture. (Sec. 2 (1) (f))*

*‘Service’ means service of any description which is made available to potential users and includes the provision of services in connection with business of any industrial or commercial matters such as banking, communication, education, financing, insurance, chit funds, real estate, transport, storage, material treatment, processing, supply of electrical or other energy, boarding, lodging, entertainment, amusement, construction, repair; conveying of news or information and advertising; (Sec. 2(1)(z))*

‘In the course of trade’: means user of the mark in the course of production and preparation of the goods for the market. After the goods have reached (or cosigned to) the consumer, they are no longer considered as in the course of trade.

E.g.: *Uniliver’s (striped toothpaste) TM case 1980 FSR 280 case.*

*The Hon’ble Bombay HC, in Colgate Palmolive v. K V Swaminathan<sup>11</sup>, put the ownership of trademark on the footing of a constitutional right falling under the right to trade and profession. The court held that in modern times certain trades cannot be carried on without the aid of trademarks duly protected by law. The right to trade and profession and the consequential right to Trademarks can be subjected only to reasonable restrictions in the interest of general public as provided within the Article 19(6) from the Constitution of India.*

**Self Assessment Question**

**(Spend 3 minutes)**

1) Define Trademarks.

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<sup>9</sup> Imperial Tobacco vs Registrar, AIR 1968 Cal. 582

<sup>10</sup> *Italia Fabrick Application* (1990) 27 RPC 493.

<sup>11</sup> AIR 1991 Bom 111.

## 5.4 FUNCTIONS OF TRADEMARKS

The function of a trademark is to give an indication to the buyer/purchaser or possible buyer or purchaser, as to the manufacture or the quality of the goods, to give an indication of the trade source or trade hands, i.e. the origin of goods.

- To identify one seller's goods or services and **distinguish** them from goods or services sold by others;
- To signify that all goods bearing the trademark come from or are controlled by a **single**, albeit anonymous, **source**;
- To signify that all goods bearing the trademark are of an equal level of **quality**; and
- as a prime instrument in advertising and selling the goods.
- Symbol representing the goodwill of the business in which it is used;
- It creates an image to the business in which it is used.<sup>12</sup>

However, more recently, trademarks have taken on new roles. As noted by a renowned writer in his work, that trademarks have come to take on a 'mythical status' to provide consumers with an identity – as e.g. as a FERRARI, ROLLS ROYAS owner.<sup>13</sup>

**Self Assessment Question**

**(Spend 2 minutes)**

- 2) Give examples of trademarks which come across in daily life.

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## 5.5 REGISTRATION

A person can become proprietor of a TM either by virtue of use or by registration of the mark. Registration of TM per-se is not necessary however obtaining the registration of the same will have its own advantages, such as:

- 1) Registration certificate of the TM will act as a *prima facie* evidence of the validity of the Trademark, before the court of law<sup>14</sup>;
- 2) In the event of an infringement of a registered trademark, the proprietor of the same can bring an action for infringement, which otherwise is not possible. As per Section 27(1) of the Trademarks Act, 1999, 'no person shall be entitled to institute any proceeding to prevent or to recover damages for the infringement of unregistered Trademark.'

<sup>12</sup> Ref. MaCarthy on 'Trademarks and Unfair Competition', 4<sup>th</sup> Edition, Vol.1, Ch. 2.

<sup>13</sup> Ref. Bentley & Sherman on 'Intellectual Property Law', 3<sup>rd</sup> Edition, Ch. 31, page 713

<sup>14</sup> Section 31 of the TM Act.

It here bear in mind that all marks used in the trade are not registrable. Only those marks that can satisfy certain requirements under the Trademarks Act, 1999 are registrable. Hence, a mark is registrable if it can satisfy the following:

- 1) The mark should be capable of being represented graphically.
- 2) The mark should be capable of distinguishing the goods or services of one from those of others.
- 3) The mark must be used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and services.

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## 5.6 FUNDAMENTAL PRINCIPLES FOR REGISTRATION

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### 1) *Distinctiveness* of a mark

A Trademark would be considered a good mark when it is distinctive. *The word distinctiveness was held to be some quality in the Trademark which earmarked the goods marked as distinct from those of other products or such goods.*<sup>15</sup>

Types of marks on the basis of distinctiveness:

- A) A **fanciful** mark is a newly *coined term* which had no meaning prior to its adoption. E.g. Kodak, EXXON, Xerox, Google etc.
- B) **Arbitrary** marks are existing words used for goods which bear no logical relationship to the goods for which the term is used (e.g. Apple for computers; NANO for car; METADOR for Van; AlfaRomeo for cars; Jaguar for car; Yahoo for search engine etc ).
- C) A **descriptive** mark is one which describes a major property of the product for which it is used. E.g. Snowwhite and Fabrikare for drycleaners; CornFlakes for corn flakes; FairGlow for fairness cream etc.

Secondary meaning:

Marks that are not inherently distinctive may **acquire distinctiveness** if the mark has built a secondary meaning in the minds of the public. **Secondary meaning** attaches to a trademark when a majority of the public considers a term or logo to be an indicator of source and quality of a product, rather than merely descriptive of that product.

Secondary meaning develops after long and continuous use. It takes significant amounts of advertising and promotion to develop and maintain public awareness of brand or trademark identity in a descriptive mark.

Eg. '555' for washing powder and detergent cake.

A mark which is not "adapted to distinguish" by the application of the tests laid down in s. 6(1) of the Act, could still qualify for registration by virtue of the proviso to s. 6(3), by proof of acquired distinctiveness.<sup>16</sup>

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<sup>15</sup> *Imperial Tobacco v. Registrar, Trademarks* AIR 1977 Cal. 413

<sup>16</sup> *Kaviraj Pandit v. Navratna case* [AIR 1965 SC 980]

**Other Important Points:**

- a) Distinctiveness of a mark must be judged as it is at the date of application for registration<sup>17</sup>.
- b) Distinctiveness may be class dependent.
- c) Devoid of distinctiveness, is one of the grounds of under Sec 9 (absolute grounds) of refusal, provided that if it has acquired a distinctive character as a result of use or is a well-known Trademark.
- d) The distinctiveness though a necessary condition for registration is not by itself sufficient to qualify for registration. The applicant's chance of success in obtaining the registration would largely depend upon whether *other trades in the ordinary course of business and without any improper motive desire to use the same mark or not*.
- e) **No absolute monopoly in a TM:**  
Property in the TM for all purpose cannot exist. The exclusive right to the Trademark which the owner acquires relates only to the use of the mark applied to some particular vendible commodity.
- f) **Word to be considered as a whole:** in judging whether the word is invented or not one must consider the word as a whole in order to form a totality of **impression both visual and auditory appeal**.<sup>18</sup>

**examples:**

The mark **DROPOVIT** for medical preparations (coined from drop of vitamin) was found to be an invented word. [*Hoffman La Roche vs. Geoffrey Manners* AIR 1970 SC 2062.]

The mark **INTEA** (condensation of the expression 'instant tea) was found to be an invented word. [*Nestle's v. Thankaraja* AIR 1978 Mad. 36]

- 2) The Trademark shall be *used genuinely* by the applicant or his assignees in connection of his goods or services: 'ghost mark' or trafficking in a Trademark is not allowed.

*Section 47 of the TM Act 1999 allows the removal of the mark (a) registration obtained without bona fide intention to use it in relation to goods or services or (b) there being no bona fide use of the trademark thereafter.*

e.g. The mark '**Charminar**' case. [*Vishnudas Trading v. Vazir Sultan* AIR 1976 SC 2257]

<sup>17</sup> *Imperial Tobacco v. Registrar* AIR (1977) Calcutta 413

<sup>18</sup> *The Eastman Photographic Materials Co. Ltd. v. The Controller General of Patents, Designs and TM* [1898 15 RPC 476] {*Solio case*}: the applicant applied for registration of the word mark 'Solio' as a Trademark in respect of photographic paper. The registrar refused on the ground that the word Solio had reference to the character or quality of the goods, as the letter SOL in Latin means sun and the goods in question are photographic papers and sunlight is operative in producing impressions on photographic paper and that Solio is not an inventive word. The Court of Appeal disallowed the word on the first ground but said that it was an inventive word.

3) One mark, one source, one proprietor:

Two exceptions:

- honest concurrent user;
- the effect of acquiescence (Sec 11(4)).

The following Trademarks are not normally consider as registrable under the Indian law:

- 1) Marks that contain or comprise of any matter likely to hurt the religious susceptibilities of any class or section of the citizens of India;
- 2) Marks that comprise or contain scandalous or obscene matter;
- 3) Marks which have the nature as to deceive the public or cause confusion;
- 4) Marks prohibited under the Emblems and Name (Prevention of Improper Use) Act, 1950;
- 5) Mark consisting exclusively the shape of goods (i.e. if the same is descriptive) which results from the nature of the goods themselves;
- 6) Marks containing the shape of goods which is necessary to obtain a technical result or the shape, which gives substantial value to the goods.

**Self Assessment Question**

**(Spend 3 minutes)**

3) Understand the word “Distinctiveness” concerning trademark and analyse how the examples cited above convey the distinctiveness

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## 5.7 PROCEDURE FOR TRADEMARK REGISTRATION

The procedure of registration of trademarks is contained in Ss. 18 to 26 of the TM Act 1999 and Rules 25 to 62 of the TM Rules 2002.

### Who may apply?

Any *person* “claiming to be the proprietor” of the Trademark ‘used’ or ‘proposed to be used’ may make the application for the registration of the trademark (Sec 18(1)).

The term “Any person” is wide enough to include any individual, company, or association of persons or body of individuals, society, HUF, partnership firm, whether registered or not, Government, trust etc.<sup>19</sup>

<sup>19</sup> Section 3(42) General Clauses Act 1897. Please note that the definition is inclusive and not conclusive.

Thus, the following persons can make any application, either severally or jointly, for the registration of the Trademark:

- company
- trust
- individual
- government
- society
- HUF (Hindu united Family also some time referred as Joint Hindu family)
- partnership firm,
- limited Liability Partnership (LLP)<sup>20</sup>
- or any other entity formed under any Central or State statutes, etc.

**PERSON:**

In legal world the term 'person' is understood in a different way, rather in a broad way than what we understood normally. As per the Concise Oxford Dictionary the term *person* means an individual human being; the living body of human being. Thus the natural and obvious meaning of the expression Person is a living human being a man, woman or child.

However, in legal world the term person is used to include not only the individuals but also certain entities/legal entities, who although do not have any physical body, but are recognized by law as the entities capable of bearing the rights and duties, i.e. they exist in the eye of laws. Such entities are created under any statute or laws. Examples of such entities are the company, firm, trust etc.

# For detail please refer Salmond on Jurisprudence or R. K. Bangia on Jurisprudence.

The term *proposed to be used* here means proposed to be used by the proprietor himself and/or by those, e.g., his agents, authorized person and servants whose uses in the eye of law are the acts of the proprietor himself.

Under Section 46(1) of the Act, *intention to use the Trademark by a person as registered user after the registration of the TM is sufficient to fulfil the requirement of Sec 18(1)*.

Where at the time of the registration of a TM a third person was the owner of the copyright in the Trademark, the applicant could not claim to be the proprietor of the mark as the copyright owner would be in a position to stop the applicant from using the mark. [*Karo Step TM* (1977) RPC 255]

If a proprietor has abandoned his registered TM by not renewing it, the person who picks up the mark may (in the absence of other circumstances), claim proprietorship. [*Indian Association of Thermometry v. Hicks Thermometers* 1981 PTC 121].

<sup>20</sup> In India LLP is the newest form of person recognized under law: the Limited Liability Partnership Act 2008. The LLP is a hybrid entity artificially created, under the Limited Liability Partnership Act 2008, by the fusion of the characteristics of both a traditional partnership law and a limited company minus the unlimited liability under the partnership law and the procedural rigidity under the company law.

### Jurisdiction for filing application (Sec.18 (3))

As per **Rule 4**, a Trademark application is to be filed at the 'appropriate office' of the Registry within whose territorial limits, the principal place of business in India of the applicant is situate.

In the case of joint applicants, the principal place of business in India of the applicant will be that of the person whose name is first mentioned as having a place of business. If the applicant has no principal place of business in India, he should file the application in that office within whose territorial jurisdiction, the address for service in India given by him, under Rule 18, is located. A Trademark application may be made at the Trademarks Registry in the statutory form and on payment of statutory fees.

Rules 25 to 31 and 33 to 36 of the Trademarks Rules, 2002 prescribe the procedure in this behalf:

Application should have Name of the applicant in full (Rule 16); Nationality & address of applicant be signed by applicant or his agent (Rule 25(1)), made in the relevant Form (please refer the table below):

Application/ Mark & Class(s)	Relevant FORM	Rule 25 Relevant Section
TM – single class	TM-1	Sec 154(2)
Convention application – single Cl.	TM-2	Sec 154(2)
Convention application – diff. Cl.	TM - 52	Sec 154(2)
Textile TM-goods (5 <sup>th</sup> Schedule)	TM-22	Rule 145
Textile TM-Convention-goods (5 <sup>th</sup> Schedule)	TM-45	Rule. 145 and Sec 154(2)
Collective TM-single Cl.	TM-3	Sec 63(1)
Collective-Convention-single class	TM-64	Sec 63 and Section 154(2)
Certification Mark-single class	TM-4	Sec 71
Certification Mark-Convention-single class	TM-65	Sec 71 & Section 154(2)
TM-diff. classes	TM-51	Rule 25(9)
Series TM-a single or diff. classes.	TM-8	Sec 15
Series TM-convention-a single or diff. classes.	TM-37	Sec 154(2)
Collective mark- diff. classes	TM-66	Rule 25(17)(a)
Collective mark-convention-diff. classes	TM-67	Rule 25(17)(b)
Certification Mark-diff. classes	TM-68	Rule 25(18)(a)
Certification Mark-Convention-single class	TM-69	Rule 25(18)(b)

explain with precision of the Trademark (Rule 25(12)), be able to depict the graphical representation of the TM (Rule 25(12)), in case of three dimensional TM should have statement to that effect (Rule 25(12)), in case of combination of colour TM should have statement to that effect (Rule 25(12)) and there has to be a statement regarding usage needs to be there. In case if the Trademark has not been used at the time of making the application, a statement with regard to the 'proposed to be used' may be stated.

Here it is to be noted that the specification of goods /services should not ordinarily exceed 500 characters for each class. In case if it exceeds the same excess space fees in the prescribed form TM-61 will be required to be paid. If the mark contains scripts other than Hindi or English, translation of each word<sup>21</sup>.

A graphic representation of the Trademark is to be given in the space provided on the application form. In any case, the size of such representation shall not exceed **33 cm × 20 cm** with the margin of 4 cm on the left hand side<sup>22</sup>.

Five Additional representations are required to be corresponding exactly with one another with the application itself. In all cases it should contain the specification of goods/services and the class in which the registration is sought.

The Power of Attorney in Form 48 with address for service is also required to be filed with the application. The application should also accompany with the prescribed fees.

If the application may contain a declaration claiming priority as per the Paris Convention. In such cases, it should contain the following information:

- 1) Date of the earlier application
- 2) Number of earlier application
- 3) State or country in which the earlier application was filed; or where the earlier application is regional or an international application, the office with which it was filed and the country or countries for which it was filed.

In case if the number of the earlier application is not known to the applicant at the time of filing of the application, the applicant may furnish the same within two months from the date of filing of application in India.

Under Section 154(2) where a person has made an application for the registration of the trademark in the convention country, makes an application for registration of the trademark in India within six (6) months after the date on which the application was made in the convention country the Trademark shall if registered under the Trademarks Act, 1999 be registered as of the date on which the application was made in the convention country.

### **EXAMINATION OF THE APPLICATION**

After the application has been submitted, the Registrar issues an official number of an application to the applicant. Thereafter, the application is taken up for examination and an Examination report is issued stating objections, if any by the Registrar.

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<sup>21</sup> Rule 33

<sup>22</sup> Rule 28 read with Rule 30

A detailed reply to these objections has to be submitted within a month from the date of receipt of the Examination in the form of submissions.

Once examined the Registrar may fix up a date of personal hearing for the Trademark application.

Substantive examination will cover the following aspects:

- 1) Under Section 9 which prescribes "absolute grounds for refusal" Marks which are not prima facie "capable of distinguishing" the goods/services of one person from those of another person are devoid of distinctive character.
- 2) Under Section 11, which sets out "relative grounds for refusal" by reason of Conflict with prior trademarks and well-known marks).
- 3) Under Section 12 to check whether mark could be registered on the basis of "honest concurrent user" when supported by evidence to that effect
- 4) Under Section 13 to see whether the registrability of the mark is prohibited on the ground that the mark consists of name of a chemical element or an international non-proprietary name
- 5) To see that the mark does not offend against Section 14
- 6) Under Section 15, which governs registration of a trademark as "a series", etc.

In additions to this, examination of an application for registration of collective marks will be subjected to scrutinize the draft regulations governing use of the collective mark

### **ADVERTISEMENT**

After the submissions made in reply to an Examination Report or after a hearing, the application may be accepted absolutely or subject to such amendment, modification, condition or limitation as the Registrar may think fit. In case the Registrar rejects the application, the ground for refusal is to be recorded. If the application is accepted, the Registrar shall cause the Trademark to be advertised in the Trademarks Journal absolutely or with conditions.

### **OPPOSITION**

After the advertisement of the trademark in the Trademark Journal, any person may oppose to the registration within 3+1 months of the date on which the trademark Journal is made available to the public.

### **GRANT**

If the Trademark is not opposed, a certificate of registration is issued sealed with the seal of the Trademark Registry. In case of opposition of, the registration would be granted if the proceedings are in the favor of the applicant. Generally, the entire procedure of registration of trademark would take 3 years from the date of the application provided the application is unopposed at the examination stage.

**Self Assessment Question**

**(Spend 2 minutes)**

- 4) Understand and list out the important steps involved in the registration of the trademark.

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**5.8 CERTIFICATION MARKS**

Section 2 (e) of the Trademarks Act, 1999 ('the Act') defines the term Certification Mark as '*a mark capable of distinguishing the goods or services in connection of which it is used in the course of trade which are certified by the proprietor of the mark in respect of origin, material, mode of manufacturing of goods or performance of services, quality, accuracy etc. from the other goods and services not so certified and registrable as such under the Act in respect of good or services in the name of that person as proprietor of the certification mark.*'

E.g. some famous examples of certification marks are WOOLMARK; ISO; Agmark etc.

The object of certification mark is that characteristics of good and services (such as origin, mode of manufacture, quality and other features are certified by competent persons.

**Difference between a normal trademark and a Certification mark:**

*Trademarks in general serve to distinguish the goods or services of one person from those of others.*

*The function of a certification Trademark is to indicate that the goods or services comply with certain objective standards in respect of origin, material, mode of manufacture of goods or performance of services as certified by a competent person.*

*Another important difference in between the Certification mark with the ordinary Trademark is that in case of certification mark the proprietor owner of such mark should not use allowed to trade in goods and services covered by the mark he has certified.*

*In fact a mark is not registrable as a Certification mark if its proprietor carries on a trade in goods of the kind certified or a trade of provision of services of the kind certified. [Sec 70]*

*Besides, the certifying authority who may be an individual or a company or association of persons should be competent to certify the goods in respect of origin, material, and mode of manufacture or performance of services, quality, accuracy or other characteristics.*

### Documents/ information required:

- Name, address and state of incorporation of the Applicant;
- List of goods/ services, in which the mark is in use or proposed to be used, for which registration is sought;
- Date of first use of the mark in India and/or abroad (as the case may be).
- An authorization (Power of Attorney) of agent
- Soft Copy of the mark. If the mark is in colour, then colour representations of the mark would be required.
- Draft Regulation
- Statement of Case

### PROCEDURE:

Applications for registration of trademarks are to be filed in the prescribed manner.

**Section 18(1) provides, “any person claiming to be the proprietor of a Trademark used or proposed to be used by him, who is desirous of registering it, shall apply in writing to the Registrar in the prescribed manner for the registration of his trademark.”**

Chapter IX of the Trademarks Act, 1999 and Part III of the Trademarks Rules, 2002 (the Rules 2002) read with the Rules 25 to 31 and 33 to 36 of the Part I of the Rules, 2002 prescribe the procedure in this behalf:

- Rule 25: Application should be:
  - o Name of the applicant in full (Rule 16);
  - o Nationality & address of applicant; and
  - o signed by applicant or his agent (R. 25(1))
  - o made in relevant **FORM: (in triplicate)**

*As per Rule 25(8) of the Rules “(a)An application under Section 71 to register a certification Trademark for a specification of goods or services included in any one class shall be made in form TM-4.” And*

*“(b) An application under Section 71 to register a certification Trademark for a specification of goods or services in any one class from a convention country under sub-section (2) of Section 154 shall be made in Form TM-65.”*

*As per Rule 25(17) “A single application for the registration of a collective mark -*

*(a) in different classes shall be made in Form TM-66;*

*(b) in different classes from a convention country shall be made in Form TM-67.”*

As per Rule 25(18) "A single application for the registration of certification trademark –

(a) in different classes shall be made in form TM-68;

(b) in different classes from a convention country shall be made in Form TM-69."

Application/ Mark & Class(s)	Relevant FORM	Relevant Provision	Official Fees
Certification Mark-single class	TM-4	Sec 71; r.135	Rs 10,000/-
Certification Mark-diff. classes	TM-68	Rule 25(18)(a); 135	Rs. 10,000/- for each class
Certification Mark-Convention-single class	TM-65	Sec 71 and Section 154(2); R 135	Rs. 10,000/-
Certification Mark-Convention-single class	TM-69	Rule 25(18)(b); r. 135	Rs. 10,000/- for each class

- o explain with precision of the mark (R. 25(12)).
- o be able to depict the graphical representation of the TM (R. 25(12))
- o in case of three dimensional TM—statement to that effect (R. 25(12))
- o in case of combination of colour TM—statement to that effect (R. 25(12))
- o the specification of goods or services shall not ordinarily exceed 500 characters for each class.
- o all the application for registration should accompany with the requisite Fees.
- Statement of USER in application: regarding the period during which the TM has been used (except in case of proposed to be used). [Rule 27]
- Representation of TM:

A graphic representation of the Trademark is to be given in the space provided on the application form for that purpose (**size 8 cm x 8 cm**). In any case, the size of such representation shall not exceed **33 cm x 20 cm** with the margin of 4 cm on the left hand side. (Rule 28 read with Rule 30)

Translation – if the mark contains scripts other than Hindi or English, translation of each word. (R. 33)

- Additional Representation of TM:

Five (5) copies of Additional Representation is required to be filed. (Rule 135 read with Rule 29)

- **Draft Regulations in triplicate:**

It should include matters set out in rule 135(5), namely

- a) A description of the applicant

- b) Nature of applicant's business
- c) Particulars of infrastructure like R & D, technical manpower support
- d) Applicants' competence to administer certification scheme
- e) The applicant's financial arrangement
- f) An undertaking from the applicant that there will be no discrimination between parties if they meet the requirement set down in the regulation.
- g) The characteristic the mark will indicate in the certified goods or services
- h) The manner of monitoring the use of the mark

• **Statement of Case in triplicate:**

The applicant is required to file a Statement of Case to the Registrar with the application setting out the grounds in which the applicant relies in support of the application. Such Statement of Case is required to be filed in triplicate. [Rule 136]

- Power of Attorney (Form TM-48) including the name and status of the Executant.
- Address for service: shall be the principal place of business in India (Rule 135).

In case of an application from a convention country, and persons having no principal place of business in India, their addresses in their home country shall be given, in addition to their address for service in India (Rule 16(3)).

**IMPORTANT NOTE:** *It is here important to note that via virtue of section 69 of the TM Act, the following provisions of the TM Act will not apply to certification trademark:*

- *Clause (a) and c) of sec 9(1): this means that the criteria of distinctiveness of a trademark is not applicable to certification trademark.*
- *Sec 18, 20 & 21 (subject to the provisions of the Act)*
- *Sec 28, 29, 30, 41, 42, 47, 48, 49, 50, 52, 54 and 56(2)*
- *Ch XII, except sec 107*

**EXAMINATION OF THE APPLICATION**

After the application has been submitted, the Registrar issues an official number of an application to the applicant. Thereafter, the application is taken up for examination and an Examination report is issued stating objections, if any by the Registrar.

The substantive examination of an application for certification Trademark will include –

- Examination of the draft *Regulation*: The draft of the regulation should meet the requirements of Act and Rules and the contents should include matters set out in Rule 135(5).

- *Statement of Case* and more particularly about the *competency of the applicant* to certify the goods in respect of which the mark is to be registered and whether in the circumstances of the case, *the registration applied for would be to public advantage.*
- The proprietor should be an independent competent certifying agency without itself being engaged in dealing with those goods or provision of services, etc.

A detailed reply to these objections has to be submitted within **a month** from the date of receipt of the Examination in the form of submissions.

After the submissions made in reply to an Examination Report or after a hearing, when an application for registration of a Trademark has been accepted whether absolutely or subject to conditions or limitations, the Registrar shall, as soon as may be after acceptance, cause the application as accepted together with the conditions or limitations, if any, subject to which it has been accepted, to be advertised in the prescribed manner in the Trademark Journal.

After the advertisement of the trademark in the Trademark Journal, any person may oppose to the registration normally within 3 months of the date on which the trademark Journal is made available to the public.

If the Trademark is not opposed, a certificate of registration is issued sealed with the seal of the Trademark Registry.

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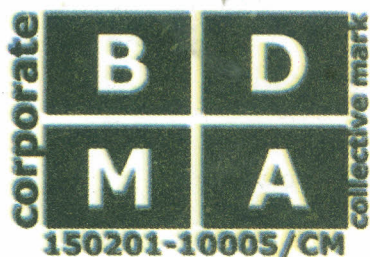
## 5.9 COLLECTIVE MARK

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Collective mark is defined to mean a Trademark distinguishing the goods or services of members of an association of persons (not being a partnership within the meaning of Indian Partnership Act, 1932 ) which is the proprietor of the mark from those of others”- Section 2(1)(g).

Examples of collective trademarks include

- Lions club
- the “CA” mark used by the Institute of Chartered Accountants.
- the mark “CPA”, used to indicate members of the Society of Certified Public accountants
- the marks of various confederated lobby groups



- The collective mark is owned by an association of persons not being a partnership.
- The collective marks belong to a group and its use thereof is reserved for members of the group.
- The association may not use itself the collective mark but it ensures compliance of certain quality standards by its members who may use the collective mark.
- The primary function of a collective mark is to indicate a trade connection with the association or organization who is the proprietor of the mark.

To be register able, the collective mark must be capable of being represented graphically and meet other requirements i.e., it should be distinctive.

#### **PROCEDURE FOR COLLECTIVE MARK REGISTRATION:**

- **Filing of trademark mark application**

Any person "claiming to be the proprietor" of the Trademark 'used' or 'proposed to be used' by him may make an application in the prescribed manner for registration of his Trademark. A Trademark application is to be filed at the 'appropriate office' of the Registry within whose territorial limits, the principal place of business in India of the applicant is situate. The following documents are required for registering a collective a mark-

- An application for registration as collective mark should be made on form TM-3 (for single class of goods/service), form TM-64 (convention application – for single class of goods/service), form TM 66 (for different classes of goods/services) or TM-67 (convention application – for different classes of goods/services), as the case may be in triplicate and shall be accompanied by five additional representations of the mark.
- The draft regulation governing the use of the collective mark is to be submitted with the application on form TM-49. It shall include –
  - a) The name and object of association
  - b) The persons authorized to use the mark and the nature of control the applicant would exercise over the use
  - c) The condition of membership of association
  - d) Conditions of use of the mark
  - e) Sanctions against misuse
  - f) Procedure for dealing with appeals against the use of collective marks
- Power of Attorney on Form TM-48 including the name and status of the Executants.
- Prescribed fee for filing a collective mark is as follows:

Application/ Mark & Class(s)	Relevant Form	Relevant Section/Rule	Official Fees
Collective TM-single Cl.	TM-3	Sec 63(1)	10,000
Collective-Convention-single class	TM-64	Sec 63 and Section 154(2)	10,000
Collective mark-diff. classes	TM-66	Rule 25(17)(a)	10,000 for each class
Collective mark-convention-diff. classes	TM-67	Rule 25(17)(b)	10,000 for each class

**EXAMINATION OF THE APPLICATION**

After the application has been submitted, the Registrar issues an official number of an application to the applicant. Thereafter, the application is taken up for examination and an Examination report is issued stating objections, if any by the Registrar. A detailed reply to these objections has to be submitted within a month from the date of receipt of the Examination in the form of submissions. The submissions should contain point wise replies to the objections raised by the Registrar. An affidavit may be required if requested in the Examination Report. Once examined the Registrar may fix up a date of personal hearing for the Trademark application.

In additions to this, examination of an application for registration of collective marks will be subjected to scrutinize the draft regulations governing use of the collective mark. After the submissions made in reply to an Examination Report or after a hearing, the application may be accepted absolutely or subject to such amendment, modification, condition or limitation as the Registrar may think fit. In case the Registrar rejects the application, the ground for refusal is to be recorded. If the application is accepted, the Registrar shall cause the Trademark to be advertised in the Trademarks Journal absolutely or with conditions.

After the advertisement of the trademark in the Trademark Journal, any person may oppose to the registration normally within 3 months of the date on which the trademark Journal is made available to the public.

If the Trademark is not opposed, a certificate of registration is issued sealed with the seal of the Trademark Registry.

**Effect of Registration:**

The valid registration of a Trademark under the Act gives to the registered proprietor the exclusive right to the use of the Trademark in relation to the goods or services in respect of which the Trademark has been registered. He becomes entitled to obtain relief for infringement of his Trademark in the manner provided in the Act.

Further, under the Act, no person is entitled to maintain any proceedings to prevent, or to recover any damages for, the infringement of an unregistered Trademark. The Act, however, does not affect the rights of action against any person for passing off goods or services as the goods of another person or as services provided by another person or remedies in respect of such wrong.

**Self Assessment Question**

**(Spend 4 minutes)**

- 5) Understand the difference between Trademark, Collective mark and certification mark.

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**5.10 PARIS CONVENTION**

This was the offshoot of diplomatic conference which was convened in Paris in 1883. This resulted in the Paris Convention for the Protection of Industrial Property, signed in Paris, France, on March 20, 1883, which was one of the first intellectual property treaties. (The Paris Convention is administered by the World Intellectual Property Organization (WIPO), based in Geneva, Switzerland). As a result of this treaty, intellectual property, including trademarks, of any contracting state are accessible to the nationals of other states party to the Convention. The provisions of the Paris Convention may be sub-divided into four main categories:

- The first category of the provisions contains rules of substantive law which guarantee a basic right known as the right to national treatment in each of the member countries.
- The second category establishes another basic right known as the right of priority.
- The third category of provisions defines a certain number of common rules in the field of substantive law which contain either rules establishing rights and obligations of natural persons and legal entities, or rules requiring or permitting the member countries to enact legislation following those rules.
- The fourth category of provisions deals with the administrative frame work which has been established to implement the Convention and includes final clauses of the Convention.

**National Treatment**

The provisions relating to national treatment contained in Article 2 and 3 of the Convention stipulated that as regards the protection of industrial property, each country party to the Convention must grant the same advantages as regards protection to nationals of other member countries as it grants to its own nationals. National treatment must be granted to the nationals of the countries which are not party to the convention if they are domiciled in a member country or if they have 'real and effective industrial/commercial establishment in such countries'. Nationals of member countries do not require domicile or establishment as a condition for benefiting from an industrial property right.

The term "national" includes both natural persons and legal entities. Legal entities created under the private law of a member country are considered a national of that country. If they have their actual headquarters in another member country, they may also be considered a national of the headquarters country. According to Article 2(1), the national treatment rule applies to all advantages that the various national laws grant to nationals.

The National Treatment rule, one of the cornerstones of the system of international protection under the Paris Convention, guarantees not only that foreigners will be protected but also that they will not be discriminated against in any way. Without this rule it would be very difficult and sometimes even impossible to obtain adequate protection in foreign countries for inventions, trademarks and other subjects of industrial property.

### **The Right of Priority**

The right of priority means that, on the basis of an application for Trademark protection filed by the given applicant in one of the member countries, the same application (or its or his successor) may, within a specified period of time, have certain rights without applying for protection in all the other member countries. These applications will be regarded as if they had been filed on the same day as the first application. The right of priority offers great practical advantages to the applicant desiring protection in several countries.

### **Provisions Concerning Trademarks**

The nature of the goods to which a trademark is to be applied shall in no case form an obstacle to the registration of the mark. The countries of the Union undertake to protect service marks. They shall not be required to provide for the registration of such marks.

The countries of the Union undertake to accept for filing and to protect collective marks belonging to associations the existence of which is not contrary to the law of the country of origin, even if such associations do not possess an industrial or commercial establishment. Each country shall be the judge of the particular conditions under which a collective mark shall be protected and may refuse protection if the mark is contrary to the public interest. Nevertheless, the protection of these marks shall not be refused to any association the existence of which is not contrary to the law of the country of origin, on the ground that such association is not established in the country where protection is sought or is not constituted according to the law of the latter country.

A trade name shall be protected in all the countries of the Union without the obligation of filing or registration, whether or not it forms part of a trademark

All goods unlawfully bearing a trademark or trade name shall be seized on importation into those countries of the Union where such mark or trade name is entitled to legal protection. Seizure shall likewise be affected in the country where the unlawful affixation occurred or in the country into which the goods were imported.

The countries of the Union are bound to assure to nationals of other countries effective protection against unfair competition.

The countries of the Union shall, in conformity with their domestic legislation, grant temporary protection to trademarks, in respect of goods exhibited at official or officially recognized international exhibitions held in the territory of any of them.

Each country of the Union undertakes to establish a special industrial property service and a central office for the communication to the public of patents, utility models, industrial designs, and trademarks. The Convention has also laid down rules relating to importation of products manufactured by a process patented in the importing country, failure to work and compulsory license, patents in international traffic, invention shown in international exhibitions etc.

#### **Administrative and Financial Provisions**

The countries party to the Convention constituted a 'Union' for the protection of Industrial Property. The union has three administrative organs, the Assembly, Executive Committee and the International Bureau of WIPO headed by Director General of the World Intellectual Property Organization.

The Assembly is the Chief Governing Body of the Union and consists of all member countries. The Executive Committee consists of 1/4th of the countries which are members of the Assembly and is elected by the Assembly for the period between two ordinary sessions with due regard to equitable geographical distribution. The International Bureau is the administrative organ of the Union.

Any dispute between two or more countries of the union concerning interpretation or application of the convention, which has not been settled by negotiations, may be brought, by any of the countries concerned, before the International Court of Justice. However, the countries may agree on any other method for settling the dispute.

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### **5.11 TRIPS -THE AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS (TRIPS)**

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The 1994 Agreement on Trade-related Aspects of Intellectual Property Rights ('TRIPS' or 'the TRIPS Agreement'), one of the main outcomes of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), which is administered by the Geneva-based World Trade Organization (WTO), is of special importance in that it establishes enforceable global minimum (and high) standards of protection and enforcement for virtually all the most important intellectual property rights such as patents, copyrights, and related rights, and Trademarks in one single agreement. The first attempt to frame intellectual property as an issue to be discussed in wider trade negotiations was made by a group of trademark-holding firms organized as the Anti-Counterfeiting Coalition, which unsuccessfully lobbied for the inclusion of an anti-counterfeiting code in the 1973-79 GATT Tokyo Round.

Following the lead set by the US trademark industries, the copyright, patent and semiconductor industries also decided during the early 1980s to frame the relative (and sometimes absolute) lack of effective intellectual property protection in overseas markets as a trade-related issue and a problem for the US economy that

the government ought to respond to. So by the time the contracting parties of the GATT met in Punta del Este, Uruguay, in September 1986 to launch another trade round, US corporation had forged a broad cross-sectoral alliance and developed a coordinated strategy.

For those seeking high standards of intellectual property protection and enforcement throughout the world by way of the GATT, the strategy had three advantages. First, if successful the strategy would globalize these standards much more rapidly than could be achieved through the WIPO-administered conventions. This is first because it allowed for the possibility of including all the main intellectual property rights in a single agreement (which could also incorporate by reference provisions of the major WIPO conventions), and second, because once it was agreed that the Uruguay Round agreements had to be accepted as a package (that is, a 'single undertaking'), countries could not opt out of any one of them and be a member of the new World Trade Organization. Second, the GATT already had a dispute settlement mechanism, albeit a flawed one. WIPO has no enforcement or dispute settlement mechanisms except through the treaties that it administers, and these treaties do not provide much recourse for countries concerned about the non-compliance of other parties. Third, the broad agenda of the Uruguay Round provided opportunities for linkage bargain diplomacy that WIPO, with its exclusive focus on intellectual property rights, did not allow. Hard bargaining by the US, Europe and Japan on intellectual property could thus be linked to concessions in such areas as textiles and agriculture, where exporting countries in the developing world were eager to achieve favourable settlements.

In the event, the Punta del Este Declaration included 'trade-related aspects of intellectual property rights, including trade in counterfeit goods' as a subject for negotiations in the forthcoming trade round, which became known as 'the Uruguay Round'. In full, the Declaration's provisions on intellectual property are as follows:

"In order to reduce the distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade, the negotiations shall aim to clarify GATT provisions and elaborate as appropriate new rules and disciplines.

Negotiations shall aim to develop a multilateral framework of principles, rules and disciplines dealing with international trade to counterfeit goods, taking into account work already underway in GATT.

These negotiations shall be without prejudice to other complementary initiatives that may be taken in the World Intellectual Property Organization and elsewhere to deal with these matters".

It was nearly eight years later that the outcome of these negotiations resulted as the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS). While the original purpose of an agreement on intellectual property rights at the Uruguay Round was to prevent the trade in 'counterfeit goods', the resulting agreement turned out to be much more ambitious than this.

The insertion of 'trade-related' intellectual property rights into the Uruguay Round agenda and the subsequent adoption of an agreed text for an intellectual property agreement could not have been achieved without the effective lobbying activities in the USA of legal and policy activists and corporations, and a government and political establishment that, during the 1980s, was especially receptive to the diagnoses and prescriptions propounded by these individuals, firms and business associations.

### Objectives and Principles of TRIPS

The preamble affirms the desire of member states to take into account the need to promote effective and adequate protection of intellectual property rights, while 'recognizing the underlying public policy objectives of national systems for the protection of intellectual property, including developmental and technological objectives'.

Dealing with counterfeiting is clearly considered as important. Its main importance lies in the fact that the trade in counterfeit goods is what makes intellectual property most clearly trade-related. The preamble indicates that members recognize 'the need for multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods'.

And yet, the objectives as stated in Article 7 make no reference to the eradication of counterfeiting. Rather, TRIPS is explicitly aimed at promoting public policy objectives, the nature of such objectives presumably being left to national governments, though technological development is given priority.

Article 8.1 allows member states implementing their intellectual property regulations to 'adopt measures necessary to protect human health and nutrition and to promote the public interest in sectors of vital importance to their socio-economic and technological development'. These measures are not obligatory but, again, they highlight the socio-economic welfare implications of intellectual property rights. On the other hand, the provision that such measures be consistent with the provisions of TRIPS appears to narrow their possible scope quite considerably.

It is worthwhile to mention Article 6, which states that 'for the purposes of dispute settlement under this Agreement... nothing in this Agreement shall be used to address the issue of the exhaustion of intellectual property rights'. This is very significant in that it allows countries to adopt a regime of international exhaustion of rights. Accordingly, they cannot be challenged at the WTO if their laws permit the importation of intellectual property protected goods legally placed on the market in a foreign country. Consider the example of a patented medicine. For a developing country where the drug is too expensive to be widely available to patients, the possibility exists for it to be purchased in a country where it is sold more cheaply and then imported, thereby undercutting the price of the same patented drug already on the domestic market. International exhaustion is unpopular with many international businesses since it makes it harder for them to separate national markets and set prices at levels intended to maximize their profits in each one.

### **National Treatment and Most-favoured Nation**

By virtue of Article 3, members accept the principle of national treatment, that is, that each country must treat nationals of other members at least as well as it treats its own nationals. In other words, intellectual property protection and enforcement must be non-discriminatory as to the nationality of rights holders.

Article 4 upholds the principle of most-favoured nation. This means that any concession granted by one member to another must be accorded to all other members 'immediately and unconditionally'. So if country A agrees to take special measures to prevent the copying of the products of a company from country B, but turns a blind eye when the company is from country C, D or E, such inconsistency of treatment will violate this principle.

### **The Rights**

Part II addresses each intellectual property right in succession. These are very comprehensive, comprising the following:

- 1) Copyright and Related Rights (Article 9 – Article 14)
- 2) Trademarks (Article 15 – Article 21)
- 3) Geographical Indications (Article 22 – Article 24)
- 4) Industrial Designs (Article 25 – Article 26)
- 5) Patents including provisions for protection for plant varieties (Article 27 – Article 34)
- 6) Layout Designs (Topographies) of Integrated Circuits (Article 35 – Article 38)
- 7) Protection of Undisclosed Information (Article 39)
- 8) Control of Anti-competitive Practices in Contractual Licenses (Article 40)

To some extent the provisions are based on existing agreements. Thus WTO members are required to implement substantial parts of the Paris and Berne Conventions whether or not they are signatories to them. Nonetheless, while most developed countries were required only to make cosmetic changes to their intellectual property laws, most developing countries needed to reform their laws quite drastically.

### **Transitional Arrangements**

The TRIPS agreement came into force on January 1, 1995. All countries had to apply Article 3, on national treatment, on most-favoured nation, and Article 5, concerning multilateral agreements on acquisition or maintenance of protection within one year of the entry into force of the WTO Agreement. But the developing countries and the former centrally planned socialist states were allowed a period of five years from the date of entry into force of the WTO Agreement to apply the full provisions of TRIPS, that is, 1 January 2000. The least-developed countries (LDCs), who are recognized as the poorest of the poor countries, were allowed until 1 January 2006 to apply TRIPS in full.

TRIPS places much emphasis on enforcement. With respect to the general enforcement obligations, procedures must be available that 'permit effective

action against any act of infringement of intellectual property rights'. They must be fair, equitable and not unnecessarily complicated, costly or time consuming. The judicial authorities must be granted the power to require infringers to pay damages adequate to compensate the right holder for the injury suffered due to the infringement. Members are required to provide for criminal procedures and penalties 'at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale'. Remedies may include imprisonment and/or monetary fines. Such remedies may also be applied in other cases of intellectual property right infringement if done 'wilfully and on a commercial scale'. Members are not required to put in place a judicial system for enforcing rights separate from that for the enforcement of law in general. Moreover, TRIPS creates no obligation to shift resources away from the enforcement of law in general towards the enforcement of rights. Nonetheless, poor countries may face a difficult dilemma when determining how to allocate the scarce resources they have.

The dynamic efficiencies of stronger and more effective intellectual property right systems may more than make up for administrative and enforcement costs. Whether or not this turns out to be true, the costs must be borne before the benefits accrue and, for least-developed countries especially, these are likely to be particularly onerous. In addition, regulators and courts are likely to lack experience in dealing with intellectual property related matters.

#### **Institutional Arrangements: Final Provisions**

Article 68 (Council for Trade-related Aspects of Intellectual Property Rights) sets out the role of the WTO Council for TRIPS. The Council is responsible for:

- Monitoring the operations of TRIPS, and in particular members' compliance;
- Affording members the opportunity to consult on matters relating to trade-related intellectual property rights.
- Assisting members in the context of dispute settlement procedures; and
- Carrying out other duties assigned to it by the members.

The Council is supposed to review the implementation of TRIPS at two-year intervals from January 2000. Article 71.1 states in addition that 'the Council may also undertake reviews in the light of any relevant new developments which might warrant modifications or amendment of this Agreement.'

#### **TRIPS-related Developments at WTO**

Developing country representatives continue to express concerns that TRIPS raises prices of drugs and educational materials in poor countries, legitimizes the 'biopiracy' of genetic resources and traditional knowledge, and blocks transfers of much-needed technologies. They have successfully resisted the further tightening of TRIPS rules and have put forward substantial counter proposals relating to such matters as public health, the specific needs of least-developed countries, traditional knowledge and the compatibility between TRIPS and the provisions of the Convention on Biological Diversity (CBD) concerning benefit-sharing, protection of traditional knowledge and biotechnology transfer. And outside the WTO their improved negotiating strategies have delayed moves to harmonize international patent law and moderated some recent copyright treaties.

As for the developed countries and international businesses, who are constantly seeking ever higher levels of intellectual property protection and enforcement, TRIPS has to some extent been a disappointment. For one thing, the WTO system of trade governance currently does not make it easy to achieve radical revision of existing agreements or, for that matter, consensus on the need for new ones. For another, developing countries have tended not to implement TRIPS with much enthusiasm, and enforcement measures continue to be inadequate from the view of the intellectual property owners. Moreover, other forms of trade diplomacy seem to further their interests more effectively.

At the November 2001 Doha Ministerial Conference of the WTO, members agreed on the texts of three statements, all of which have provisions concerning intellectual property: (i) the Ministerial Declaration, (ii) the Decision on Implementation-related Issues and Concerns and (iii) the Declaration on the TRIPS Agreement on Public Health.

The Ministerial Declaration covered a number of TRIPS-related matters including geographical indications, the relationship between TRIPS and the Convention on Biological Diversity and the protection of traditional knowledge and folklore, and technology transfer.

Concerning the latter, the Declaration expressed agreement on the establishment of a Working Group to examine 'the relationship between trade and transfer of technology, and of any possible recommendations on steps that might be taken within the mandate of the WTO to increase flows of technology to developing countries'.

As to the specific needs of the LDCs, the Decision on Implementation related Issues and Concerns reaffirmed the mandatory nature of Article 66.2 ('Developed country Members shall provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least-developed country Members in order to enable them to create a sound and viable technological base'). The TRIPS Council was directed to establish a mechanism for ensuring the monitoring and full implementation of the obligations in question.

Pursuant to this, in February 2003, the Council for TRIPS adopted a decision requiring the developed country WTO members to 'submit annually reports on actions taken or planned in pursuance of their commitments under Article 66.2. Such reports must provide the following information: (a) an overview of the incentives regime put in place to fulfill the obligations of Article 66.2, including any specific legislative, policy and regulatory framework; (b) identification of the type of incentive and the government agency or other entity making it available; (c) eligible enterprises and other institutions in the territory of the member providing the incentives; and (d) any information available on the functioning in practice of these incentives.

It is hard to see such pressure on developed countries to comply with Article 66.2 going very far. The real difficulty is that technologies tend to be privately owned and governments are limited in terms of how far they are able and willing to intervene so as to assure they are transferred to the LDCs.

In addition, the Doha Declaration on the TRIPS Agreement and Public Health allowed LDCs to delay implementation of patent protection for pharmaceutical products and legal protection of undisclosed test data submitted as a condition of approving the marketing of pharmaceuticals until 1 January 2016.

In November 2005, the TRIPS Council extended the deadline for fully implementing the rest of TRIPS by a further seven and a half years to 1 July 2013. Undoubtedly these are achievements for LDCs, even if some of them have already implemented some or all of TRIPS.

### **Post TRIPS Developments**

Until recently, TRIPS seemed to be the most important element of the effort to pull up developing countries' intellectual property standards of protection and enforcement to the level of the developed countries and to modernize intellectual property protection so as to accommodate rapid advances in emerging fields like biotechnology and the digital technologies.

WIPO has recently drafted a Substantive Patent Law Treaty that the organization's Standing Committee on the Law of Patents is currently debating. Such a Treaty would intensify substantive patent law harmonization in the interests of helping well-resourced companies to acquire geographically more extensive and secure protection of their inventions at minimized cost. Substantive harmonization is more than just making the patent systems of countries more like each other in terms of enforcement standards and administrative rules and procedures. It means that the actual substance of the patent standards will be exactly the same to the extent, for example, of having identical definitions of novelty, inventive step and industrial application. Given the rich countries' interests in harmonization, it is likely to result in common (and tightly drawn) rules governing exceptions to patent rights, and the erosion of freedoms to exclude from patentability types of subject matter or technological fields on public policy or national interest grounds.

Harmonization is important with copyright too, especially in such areas as term of protection and subject matter, for example, the developed countries are encouraging the developing countries to extend the term of copyright protection beyond that required by TRIPS to life of the author plus 70 years, as in Europe and the USA. But the situation is a little different. One reason is that the complex array of stakeholders whose economic and moral interests are affected by copyright makes harmonization much more difficult to achieve. Another is that rapid technological developments have made the transnational copyright industries determined to achieve an international regime that is sufficiently dynamic to respond speedily to the massive opportunities and vulnerabilities afforded by technological advances that: (a) provide new means of copyright owners to disseminate their works to the public; but that also (b) threaten to undermine the control over markets in these works by enabling copiers to flood markets with unauthorized versions of these works and by allowing potential consumers to copy them; Such 'dynamic responsiveness' cannot be achieved at the WTO; the WTO agreements have proved not to be susceptible to the substantial periodic revisions that would be necessary to satisfy industry.

The TRIPS approach to achieving ever higher intellectual property protection levels is being supplemented by expanding menu of alternatives. These include new treaties, technical assistance, threats and intimidation, and 'forum

management' including the use of WIPO and bilateral trade and investment agreements. Since TRIPS entered into force a number of new multilateral treaties have been negotiated and adopted for this purpose. Most notable among these are the 1996 'Internet Treaties', that is, the WIPO Copyright Treaty (WCT) and the WIPO Performers and Phonograms Treaty (WPPT). In 2000, the Patent Law Treaty (PLT) was also adopted at a Diplomatic Conference. The PLT was intended to harmonize certain patent procedures but steered clear of matters relating to substantive patent law.

The provision of intellectual property technical assistance by international organizations, developed country governmental agencies, intellectual property offices and business and law associations has become quite controversial. Such assistance often seeks to promote standards of intellectual property protection higher than those required by TRIPS in order to protect the interests of providers and funders.

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## 5.12 SUMMARY

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- Trademark is a distinctive sign which identifies certain goods or services as those produced or provided by a specific person or enterprise. Its origin dates back to ancient times, when craftsmen reproduced their signatures, or "marks" on their artistic or utilitarian products. Over the years these marks evolved into today's system of trademark registration and protection. The system helps consumers identify and purchase a product or service because its nature and quality, indicated by its unique trademark, meets their needs.
- Trademarks are words, names, symbols, brands, devices, headings, labels, tickets, signatures, letters or numerals or any combination thereof, used or proposed to be used by manufacturers of goods to identify and to distinguish their goods from goods manufactured and sold by others.
- A person who sells his goods under a particular trademark acquires a sort of limited exclusive right to use the mark in relation to those goods.
- Trademark registration protects the goodwill of a business and also helps to identify and distinguish the source of the goods or services of one party from those of others. Trademark registration is an evidence of ownership of the trademark and also constructive notice nationwide are issued of the trademark owner's claim.
- Once you have filed an application for registration of trademark, the "tm" symbol may be used with the mark. Anyone who claims rights in a mark may use the tm (trademark) designation with the mark to alert the public to the claim. However, the registration symbol, ®, may only be used once the mark is actually registered in the trademark registrar's office. Even though an application is pending, the registration symbol may not be used before the mark has actually become registered.
- The application must be filed in the name of the owner of the trademark; usually an individual, corporation or partnership. Generally, the person who uses or controls the use of the mark, and controls the nature and quality of the goods to which it is affixed, or the services for which it is used, is the owner of the mark. Trademark, which is identical to or deceptively similar

to a trademark, which is already registered or has already been applied for in the name of a different proprietor in respect of the same goods or description of goods, may not be registered. Also trademark the use of which would be likely to deceive or cause confusion; The use of which would be contrary to any law in force; Which comprises or contains scandalous or obscene matter or any matter likely to hurt the religions susceptibilities of any class or section of the citizens of India; May not be registered.

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### **5.13 TERMINAL QUESTIONS**

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- 1) What is a Trademark? Give examples of Trademark.
- 2) Enumerate the procedures of registration of Trademark.
- 3) Explain the concept of distinctiveness in the context of Trademark. Give examples.
- 4) Define 1. Collective Mark 2. Certification mark. How is a collective mark different from a Trademark?
- 5) Write short notes on 1. Paris convention for the protection of industrial property 2. Trade related aspects of intellectual property rights (TRIPS)

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### **5.14 ANSWERS AND HINTS**

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#### **Self Assessment Questions**

- 1) Read Section 5.3
- 2) You can look around and you will find many trademarks on electronic goods and consumer items.
- 3) Read Section 5.6
- 4) Read Section 5.7
- 5) Read Section 5.8

#### **Terminal Questions**

- 1) Read Section 5.2 & 5.3
- 2) Read Section 5.7
- 3) Read Section 5.6
- 4) Read Section 5.8 & 5.9
- 5) Read Section 5.10 & 5.11

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### **5.15 REFERENCES AND SUGGESTED READINGS**

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- 1) Communication to Thing: Historical Aspects to the Conceptualization of Trademarks as Property”, Prof. Lionel Bentley, University of Iowa Legal Studies Research Paper, Number 2007/31.
- 2) MaCarthy on ‘Trademarks and Unfair Competition’, 4<sup>th</sup> Edition,
- 3) Bentley & Sherman on ‘Intellectual Property Law’, 3<sup>rd</sup> Edition,
- 4) Intellectual Property Laws: Acts, rules and regulations: Universal Law Publishing Co.

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## **UNIT 6 THE MADRID SYSTEM FOR THE INTERNATIONAL PROTECTION OF TRADEMARK**

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### **Structure**

- 6.1 Introduction
- 6.2 Objectives
- 6.3 Objectives of the Madrid System
- 6.4 Advantages of the Madrid system
- 6.5 Who May Use the System?
- 6.6 The International Application
- 6.7 Examination by the Office of a Designated Contracting Party: Refusal of Protection
- 6.8 Effects of the International Registration
- 6.9 Dependence on the Basic Mark
- 6.10 Replacement of a National or Regional Registration by an International Registration
- 6.11 Duration of Registration: Renewal
- 6.12 Indian Context
- 6.13 Nice Classification
- 6.14 Summary
- 6.15 Terminal Questions
- 6.16 Answers and Hints
- 6.17 References and Suggested Readings  
Annexures

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### **6.1 INTRODUCTION**

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The Madrid system for the international registration of trademarks provides one single procedure for the registration of a mark in several territories. It is governed by two treaties, the Madrid Agreement and the Madrid Protocol, and is administered by the International Bureau of World Intellectual Property Organisation (WIPO) in Geneva, Switzerland.

As mentioned above, the system of international registration of marks is governed by two treaties: the Madrid Agreement Concerning the International Registration of Marks, which dates from 1891, and the Protocol Relating to the Madrid Agreement, which was adopted in 1989, entered into force on December 1, 1995, and came into operation on April 1, 1996. Common Regulations under the Agreement and Protocol also came into force on that date. The system is administered by the International Bureau of World Intellectual Property Organization (WIPO), which maintains the International Register and publishes the WIPO Gazette of International Marks.

Any State which is a party to the Paris Convention for the Protection of Industrial Property may become a party to the Agreement or the Protocol or both. In addition, an intergovernmental organization may become a party to the Protocol (but not the Agreement) where the following conditions are fulfilled: at least one of the Member States of the organization is a party to the Paris Convention and the organization maintains a regional office for the purposes of registering marks with effect in the territory of the organization.

States party to the Agreement and/or the Protocol and organizations party to the Protocol are referred to collectively as Contracting Parties. Together, they constitute the Madrid Union, which is a Special Union under Article 19 of the Paris Convention.

Every member of the Madrid Union a member of its Assembly. Among the most important tasks of the Assembly are the adoption of the program and budget of the Union and the adoption and modification of the implementing regulations, including the fixing of fees connected with the use of the Madrid system.

India has not yet joined the Madrid system.

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## 6.2 OBJECTIVES

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After reading this unit, you should be able to:

- discuss the Madrid System of International Registration of Trademark; and
- describe the Procedures for International registration & its advantages.

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## 6.3 OBJECTIVES OF THE MADRID SYSTEM

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The objectives of the system are two-fold:

- Firstly, it facilitates the obtaining of protection for marks (trademarks and service marks). From the date of the international registration (or, in the case of a Contracting Party designated subsequently, from the date of that designation), the protection of the mark in each of the designated contracting Parties is the same as if the mark had been the subject of an application for registration filed direct with the Office of that Contracting Party. If no provisional refusal is notified to the International Bureau within the relevant time limit, or if any such refusal is subsequently withdrawn, the protection of the mark in each designated Contracting Party is the same as if it had been registered by the Office of that Contracting Party. Further Contracting Parties may be designated subsequently.
- Secondly, since an international registration is equivalent to a bundle of national registrations, the subsequent management of that protection is made much easier. There is only one registration to renew, and changes such as a change in ownership or in the name or address of the holder, or a limitation of the list of goods and services, can be recorded in the International Register through a single simple procedural step. On the other hand, if it is desired to transfer the registration for only some of the designated Contracting Parties, or for only some of the goods or services, or to limit the list of goods and services with respect to only some of the designated Contracting Parties, the system is flexible enough to accommodate this.

The Madrid system provides a mechanism whereby a trademark owner who has an existing trademark application or registration (known as the 'basic application' or 'basic registration') in a member jurisdiction may obtain an 'international registration' for their trademark from the WIPO. The trademark owner may then extend the protection afforded to the international registration to one or more member jurisdictions, a process known as 'designation'. A useful feature of the Madrid system is that this protection may generally be extended to additional jurisdictions at any time, such that international Trademark protection can be extended to new jurisdictions which subsequently join Madrid or to such other jurisdictions as the Trademark owner may choose. In basic terms, the primary advantage of the Madrid system is that it allows a trademark owner to obtain trademark protection in any or all member states by filing one application in one jurisdiction with one set of fees, and make any changes (e.g. changes of name or address) and renew registration across all applicable jurisdictions through a single administrative process

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## 6.4 ADVANTAGES OF THE MADRID SYSTEM

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- geographically, an applicant using the Madrid system can apply for protection of a mark in over 80 territories ("Contracting Parties") by filing a single application in one language and by paying a single set of fees, instead of filing separate applications in the different IP Offices of the various territories;
- regardless of where the applicant wishes to protect his mark, using the Madrid system he will have to file his application in just one of the languages of the Madrid system, namely English, French or Spanish;
- if the Office of a Contracting Party does not notify a refusal within the time limit that is specified in the Madrid system, the mark will automatically enjoy protection in the Contracting Party in question;
- after the trademark has been registered through the Madrid system, the holder of the international registration can extend its geographical scope to additional Contracting Parties in a quick, simple and cost-effective manner;
- no matter how many Contracting Parties have been included in the international registration of a mark using the Madrid system, there will be just one single expiry date and the registration can be renewed simply (and also electronically) for all or any of the Contracting Parties included in the registration;
- administration costs such as translation of the list of goods and services and representatives fees are less, compared to several filings in national territories;
- generally, less delays are encountered, due to the use of a single administration;
- managing a trademark portfolio registered through the Madrid system, e.g. change in ownership, licensing, etc., is more cost-effective.

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## 6.5 WHO MAY USE THE SYSTEM?

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An application for international registration (an "international application") may be filed only by a natural person or a legal entity which has a real and effective industrial or commercial establishment in, or is domiciled in, or is a national of,

a country which is party to the Madrid Agreement or the Madrid Protocol, or who has such an establishment in, or is domiciled in, the territory of an intergovernmental organization which is a party to the Protocol, or is a national of a Member State of such an organization.

The Madrid system of international registration cannot be used by a person or legal entity which does not have the necessary connection, through establishment, domicile or nationality, with a member of the Madrid Union. Nor can it be used to protect a mark outside the Madrid Union.

<b>Self Assessment Question</b>	<b>(Spend 4 minutes)</b>
1) In what way a Madrid system is advantageous for a Trademark owner.	
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## 6.6 THE INTERNATIONAL APPLICATION

A mark may be the subject of an international application only if it has already been registered (or, where the international application is governed exclusively by the Protocol, if registration has been applied for) in the Trademark Office of the Contracting Party, with which the applicant has the necessary connection, be able to file an international application. This Office is referred to as the Office of origin.

An international application must be presented to the International Bureau through the Office of origin. An international application which is presented direct to the International Bureau by the applicant will not be considered as such and will be returned to the sender.

The international application must contain, *inter alia*, a reproduction of the mark (which must be identical with that in the basic registration or basic application) and a list of the goods and services for which protection is sought, classified in accordance with the International Classification of Goods and Services (Nice Classification).

An international application may claim priority under Article 4 of the Paris Convention, whether from the application with the Office of origin or from a prior application filed with the Office of another country party to the Paris Convention or with the Office of a Member of the World Trade Organization.

An international application must designate the Contracting Parties in which the mark is to be protected. Where the Contracting Party whose Office is the Office of origin is a party to the Agreement but not the Protocol, only other States which are also party to the Agreement may be designated. Where the Contracting Party whose Office is the Office of origin is a party to the Protocol but not the

Agreement, only other Contracting Parties which are also party to the Protocol may be designated. Where the Contracting Party whose Office is the Office of origin is a party to both the Agreement and the Protocol, any other Contracting Party may be designated.

The Contracting Party whose Office is the Office of origin cannot be designated in an international application; nor can it be designated subsequently.

The designation of a given Contracting Party is made under that treaty (Agreement or Protocol) which is common to the designated Contracting Party and the Contracting Party whose Office is the Office of origin. Where both Contracting Parties are party to both the Agreement and the Protocol, it is the Protocol which governs the designation.

There are therefore three kinds of international application:

- an international application *governed exclusively by the Agreement*; this means that all the designations are made under the Agreement;
- an international application *governed exclusively by the Protocol*; this means that all the designations are made under the Protocol;
- an international application *governed by both the Agreement and the Protocol*; this means that some of the designations are made under the Agreement and some under the Protocol.

An international application can be filed in any one of the three languages of the Madrid system, namely, English, French or Spanish. The Office of origin may, however, restrict the applicant's choice to only one language, or to two languages, or may permit the applicant to choose between any of the three languages.

The international application is subject to the payment of the following fees:

- a basic fee;
- a complementary fee in respect of each designated Contracting Party for which no individual fee is payable;
- a supplementary fee in respect of each class of goods and services beyond the third; no supplementary fee is payable however where *all* the designations are ones in respect of which an individual fee has to be paid.

*Article 8(7) of the Protocol provides that a Contracting Party may declare that, instead of a share in the revenue produced by the supplementary and complementary fees, it wishes to receive an individual fee. Nevertheless, Article 9sexies (1) (b) renders in operative a declaration under Article 8(7) in the mutual relations between Contracting Parties to both the Agreement and Protocol. In other words, where the designated Contracting Party having made the declaration is a party to both the Agreement and the Protocol and the Contracting Party whose Office is the Office of origin is also a party to both treaties, it follows from Article 9sexies(1)(b) that the supplementary and complementary fees, and not the individual fee, are payable. The amount of the individual fee is determined by each Contracting Party; it may not be higher than the amount that would be payable for the registration of a mark in the Office of that Contracting Party. The amounts of the respective individual fees are published in the Gazette and are also available on the WIPO website.*

For international applications filed by applicants whose country of origin is a Least Developed Country, in accordance with the list established by the United Nations, the basic fee is reduced to 10% of the prescribed amount.

These fees may be paid direct to the International Bureau or, where the Office of origin accepts to collect and forward such fees, through that Office.

The Office of origin must certify that the mark is the same as that in the basic registration or basic application, that any indications such as a description of the mark or a claim to color as a distinctive feature of the mark are the same as those contained in the basic registration or basic application, and that the goods and services indicated in the international application are covered by the list of goods and services in the basic registration or basic application.

The Office of origin must also certify the date on which it received the request to present the international application. This date is important; provided the application is received by the International Bureau within two months of that date (and provided that certain crucial elements are not missing), it is that date that will be the date of the international registration.

The International Bureau checks that the international application complies with the requirements of the Agreement or Protocol and the Common Regulations, including requirements relating to the indication of goods and services and their classification, and that the required fees have been paid. The Office of origin and the applicant are informed of any irregularities; these must be remedied within three months, otherwise the application will be considered abandoned.

Where the international application complies with the applicable requirements, the mark is recorded in the International Register and published in the Gazette. The International Bureau then notifies each Contracting Party in which protection has been requested.

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## **6.7 EXAMINATION BY THE OFFICE OF A DESIGNATED CONTRACTING PARTY: REFUSAL OF PROTECTION**

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The Office of a designated Contracting Party examines the international registration in exactly the same way as an application filed directly. If grounds for objection are found during the *ex officio* examination, or if an opposition is filed, the Office has the right to declare that protection cannot be granted to the mark in that Contracting Party.

Any provisional refusal must be notified to the International Bureau by the Office of the Contracting Party concerned within the time limit specified in the Agreement or Protocol. This standard time limit is 12 months. A Contracting Party may however declare that, when it is designated under the Protocol, this time limit shall be replaced by 18 months. A Contracting Party that has made this declaration may further declare that a provisional refusal based on an opposition may be notified even after the expiry of this 18-month period.

Notwithstanding the general principle that the Protocol applies between States bound by both the Agreement and the Protocol, subparagraph (1)(b) of Article

9*sexies* of the Protocol renders inoperative a declaration extending the refusal period in the mutual relations between States bound by both treaties. What this means, in effect, is that in the case of an international application where the Office of origin is the Office of a Contracting Party bound by both treaties, a designation of a Contracting Party bound by both treaties will, while being governed by the Protocol, and not the Agreement, nevertheless be subject to the standard refusal regime – that is, the time limit of one year for the notification of a provisional refusal, notwithstanding that the designated Contracting Party in question may have declared an extended period for notifying a provisional refusal.

The provisional refusal is recorded in the International Register and published in the Gazette and a copy is transmitted to the holder of the international registration.

Any procedure subsequent to the refusal, such as review, appeal or response to an opposition, is carried out directly between the holder and the Office concerned, without any involvement on the part of the International Bureau. The Office must however send a statement to the International Bureau once all the procedures before that Office have been completed, indicating that the provisional refusal is confirmed or is totally or partially withdrawn. This statement is also recorded in the International Register and published in the Gazette.

Where an Office finds no reason for refusing protection, it may, before the expiry of the applicable time limit for provisional refusal, issue a statement of grant of protection. Such statement is recorded in the International Register and published in the Gazette and a copy is transmitted to the holder of the international registration. An Office is however not obliged to issue a positive decision on registration and no legal consequences result if it does not do so.

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## **6.8 EFFECTS OF THE INTERNATIONAL REGISTRATION**

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From the date of the international registration (or, in the case of a Contracting Party designated subsequently, from the date of that designation), the protection of the mark in each of the designated Contracting Parties is the same as if the mark had been the subject of an application for registration filed direct with the Office of that Contracting Party. If no provisional refusal is notified to the International Bureau within the relevant time limit, or if any such refusal is subsequently withdrawn, the protection of the mark in each designated Contracting Party is the same as if it had been registered by the Office of that Contracting Party.

An international registration is therefore equivalent to a bundle of national registrations. Although it is a single registration, protection may be refused by some of the designated Contracting Parties, or the protection may be limited or renounced with respect to only some of the designated Contracting Parties. Likewise an international registration may be transferred to a new owner with respect to only some of the designated Contracting Parties. An international registration may also be invalidated (for example, for non-use) with respect to one or more of the designated Contracting Parties. Moreover, any action for infringement of an international registration must be brought separately in each of the Contracting Parties concerned.

For international applications filed by applicants whose country of origin is a Least Developed Country, in accordance with the list established by the United Nations, the basic fee is reduced to 10% of the prescribed amount.

These fees may be paid direct to the International Bureau or, where the Office of origin accepts to collect and forward such fees, through that Office.

The Office of origin must certify that the mark is the same as that in the basic registration or basic application, that any indications such as a description of the mark or a claim to color as a distinctive feature of the mark are the same as those contained in the basic registration or basic application, and that the goods and services indicated in the international application are covered by the list of goods and services in the basic registration or basic application.

The Office of origin must also certify the date on which it received the request to present the international application. This date is important; provided the application is received by the International Bureau within two months of that date (and provided that certain crucial elements are not missing), it is that date that will be the date of the international registration.

The International Bureau checks that the international application complies with the requirements of the Agreement or Protocol and the Common Regulations, including requirements relating to the indication of goods and services and their classification, and that the required fees have been paid. The Office of origin and the applicant are informed of any irregularities; these must be remedied within three months, otherwise the application will be considered abandoned.

Where the international application complies with the applicable requirements, the mark is recorded in the International Register and published in the Gazette. The International Bureau then notifies each Contracting Party in which protection has been requested.

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## **6.7 EXAMINATION BY THE OFFICE OF A DESIGNATED CONTRACTING PARTY: REFUSAL OF PROTECTION**

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The Office of a designated Contracting Party examines the international registration in exactly the same way as an application filed directly. If grounds for objection are found during the *ex officio* examination, or if an opposition is filed, the Office has the right to declare that protection cannot be granted to the mark in that Contracting Party.

Any provisional refusal must be notified to the International Bureau by the Office of the Contracting Party concerned within the time limit specified in the Agreement or Protocol. This standard time limit is 12 months. A Contracting Party may however declare that, when it is designated under the Protocol, this time limit shall be replaced by 18 months. A Contracting Party that has made this declaration may further declare that a provisional refusal based on an opposition may be notified even after the expiry of this 18-month period.

Notwithstanding the general principle that the Protocol applies between States bound by both the Agreement and the Protocol, subparagraph (1)(b) of Article

9sexies of the Protocol renders inoperative a declaration extending the refusal period in the mutual relations between States bound by both treaties. What this means, in effect, is that in the case of an international application where the Office of origin is the Office of a Contracting Party bound by both treaties, a designation of a Contracting Party bound by both treaties will, while being governed by the Protocol, and not the Agreement, nevertheless be subject to the standard refusal regime – that is, the time limit of one year for the notification of a provisional refusal, notwithstanding that the designated Contracting Party in question may have declared an extended period for notifying a provisional refusal.

The provisional refusal is recorded in the International Register and published in the Gazette and a copy is transmitted to the holder of the international registration.

Any procedure subsequent to the refusal, such as review, appeal or response to an opposition, is carried out directly between the holder and the Office concerned, without any involvement on the part of the International Bureau. The Office must however send a statement to the International Bureau once all the procedures before that Office have been completed, indicating that the provisional refusal is confirmed or is totally or partially withdrawn. This statement is also recorded in the International Register and published in the Gazette.

Where an Office finds no reason for refusing protection, it may, before the expiry of the applicable time limit for provisional refusal, issue a statement of grant of protection. Such statement is recorded in the International Register and published in the Gazette and a copy is transmitted to the holder of the international registration. An Office is however not obliged to issue a positive decision on registration and no legal consequences result if it does not do so.

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## **6.8 EFFECTS OF THE INTERNATIONAL REGISTRATION**

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From the date of the international registration (or, in the case of a Contracting Party designated subsequently, from the date of that designation), the protection of the mark in each of the designated Contracting Parties is the same as if the mark had been the subject of an application for registration filed direct with the Office of that Contracting Party. If no provisional refusal is notified to the International Bureau within the relevant time limit, or if any such refusal is subsequently withdrawn, the protection of the mark in each designated Contracting Party is the same as if it had been registered by the Office of that Contracting Party.

An international registration is therefore equivalent to a bundle of national registrations. Although it is a single registration, protection may be refused by some of the designated Contracting Parties, or the protection may be limited or renounced with respect to only some of the designated Contracting Parties. Likewise an international registration may be transferred to a new owner with respect to only some of the designated Contracting Parties. An international registration may also be invalidated (for example, for non-use) with respect to one or more of the designated Contracting Parties. Moreover, any action for infringement of an international registration must be brought separately in each of the Contracting Parties concerned.

This is in contrast to a unitary regional right such as the Community trademark, which cannot be refused, limited or transferred with effect for only a part of the territory covered by the right, and which may be enforced by a single legal action covering infringement occurring anywhere in that territory.

## 6.9 DEPENDENCE ON THE BASIC MARK

For a period of five years from the date of its registration, an international registration remains dependent on the mark registered or applied for in the Office of origin. If, and to the extent that, the basic registration ceases to have effect, whether through cancellation following a decision of the Office of origin or a court, through voluntary cancellation or through non-renewal, within this five-year period, the international registration will no longer be protected. Similarly, where the international registration was based on an application in the Office of origin, it will be cancelled if, and to the extent that, that application is refused or withdrawn within the five-year period, or if, and to the extent that, the registration resulting from that application ceases to have effect within that period.

The Office of origin is required to notify the International Bureau of facts and decisions concerning such ceasing of effect or refusal and, where appropriate, to request the cancellation (to the extent applicable) of the international registration. The cancellation is published in the Gazette and notified to the designated Contracting Parties.

If, within three months of such cancellation, the holder files an application for registration with the Office of a Contracting Party that had been designated under the Protocol, that application will be treated as if it had been filed on the date of the international registration or (as the case may be) the subsequent designation of the Contracting Party concerned. This option is not available in the case of a Contracting Party designated under the Agreement.

After the expiry of the period of five years mentioned in the international registration becomes independent of the basic registration or basic application.

### Self Assessment Question

(Spend 3 minutes)

- 2) Highlight the effects of International registration of marks through Madrid system.

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## 6.10 REPLACEMENT OF A NATIONAL OR REGIONAL REGISTRATION BY AN INTERNATIONAL REGISTRATION

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An international registration is deemed to replace a national or regional registration for the same mark and the same goods and services recorded in the name of the same person in a designated Contracting Party. The effect of replacement is that, if the national or regional registration is not renewed, the holder of the international registration may continue to benefit from the earlier rights acquired by reason of that national or regional registration. Although replacement takes place automatically, the holder of the international registration may request the Office of the Contracting Party in which the national or regional registration is recorded to take note in its register of the international registration.

### Subsequent Designation

The effects of an international registration can be extended to a Contracting Party not covered by the international application by filing a subsequent designation. Thus the holder of an international registration can expand the geographical scope of the protection of his mark in line with his business needs. Moreover a subsequent designation may be made in order to extend the protection of the mark to a Contracting Party which was not a party to the Agreement or Protocol at the time of the international application. The principles that determine whether such a designation can be made, and whether it is governed by the Agreement or by the Protocol.

### Changes in the International Register: Cancellation

A change in the name or address of the holder or his representative may be recorded in the International Register on request.

Likewise a change in the ownership of an international registration may be recorded, in respect of all or some of the goods and services and all or some of the designated Contracting Parties. A person may not however be recorded as the holder of an international registration in respect of a given Contracting Party if he would not be entitled to designate that Contracting Party in an international application. Thus, for example, a person who does not have a connection with a country which is a party to the Agreement may not be recorded as the holder of an international registration in respect of a designated Contracting Party which is a party only to the Agreement.

The following may also be recorded in the International Register:

- a *limitation* of the list of goods and services in respect of **all or some** of the designated Contracting Parties;
- a *renunciation* in respect of **some** of the designated Contracting Parties for **all** the goods and services;
- a *cancellation* of the international registration in respect of **all** the designated Contracting Parties for **all or some** of the goods and services;
- a *license* granted in respect of **all or some** of the designated Contracting Parties, and for **all or some** of the goods and services.

### International Register

The International Register contains details of all international registrations recorded by the International Bureau of WIPO and all other relevant data, such as renewals, subsequent designations and changes or other entries affecting the international registrations. The International Register, as such, is not published, but the International Bureau publishes every week the WIPO Gazette of International Marks, which is the official publication of the Madrid system. The International Bureau maintains an on-line database ROMARIN (Read-Only-Memory of Madrid Active Registry Information), which is available free-of-charge.

WIPO does not maintain a worldwide database of all trademark registrations regardless of country or system used. To find out if a trademark already exists in a particular country, the applicant should contact the relevant national Office. The applicant may also wish to contact a company or industrial property agent which carries out searches for trademarks in the International Register and in a variety of national or regional registers. Copies of advertisements by such companies are inserted in the weekly "WIPO Gazette of International Marks".

Information concerning such changes, cancellation and licenses is published in the Gazette and notified to the designated Contracting Parties.

No change may be made in the mark that is the subject of an international registration, either on renewal or at any other time. Nor may the list of goods and services be changed in a way that would extend the scope of protection.

## **6.11 DURATION OF REGISTRATION: RENEWAL**

An international registration is effective for 10 years. It may be renewed for further periods of 10 years on payment of the prescribed fees. The International Bureau sends a reminder to the holder and to his representative (if any) six months before renewal is due.

The international registration may be renewed in respect of all the designated Contracting Parties or in respect of only some of them. It may not however be renewed in respect of only some of the goods and services recorded in the International Register; if therefore the holder wishes, at the time of renewal, to remove some of the goods and services from the international registration, he must separately request cancellation in respect of those goods and services.

International registration has several advantages for the owner of the mark. After registering the mark, or filing an application for registration, with the Office of origin, he has only to file one application, in one language, and pay one fee instead of filing separately in the trademark Offices of the various Contracting Parties in different languages and paying a separate fee in each Office. Moreover, the holder does not have to wait for the Office of each Contracting Party in which protection is sought to take a positive decision to register the mark; if no refusal is notified by an Office within the applicable time limit, the mark is protected in the Contracting Party concerned. In some cases, the holder does not even have to wait the expiry of this time limit in order to know that the mark is protected in a Contracting Party, since he may, before the expiry of the time

limit, receive a statement of grant of protection from the Office of that Contracting Party.

A further important advantage is that changes subsequent to registration, such as a change in the name or address of the holder, or a change (total or partial) in ownership or a limitation of the list of goods and services may be recorded with effect for several designated Contracting Parties through a single simple procedural step and the payment of a single fee. Moreover, there is only one expiry date and only one registration to renew.

International registration is also to the advantage of Trademark Offices. They do not need to examine for compliance with formal requirements, or classify the goods or services, or publish the marks. Moreover, they are compensated for the work that they perform; the individual fees collected by the International Bureau are transferred to the Contracting Parties in respect of which they have been paid, while the complementary and supplementary fees are distributed annually among the Contracting Parties not receiving individual fees, in proportion of the number of designations made of each of them.

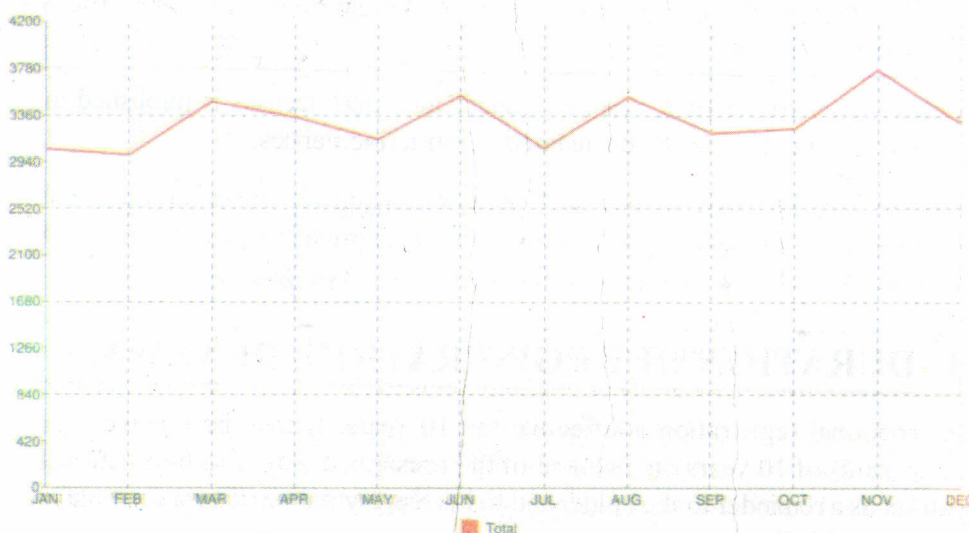


Fig. 6.1: World wide trends of registration of marks through Madrid system  
source : WIPO

COMPARITIVE ANALYSIS	
NationalRoute (with national Offices)	International Route (Madrid System)
<ul style="list-style-type: none"> <li>• different procedures</li> <li>• different languages</li> <li>• fees paid in local currency</li> <li>• recording of changes</li> <li>• several operations</li> <li>• (usually) through a local agent</li> </ul>	<ul style="list-style-type: none"> <li>• one procedure</li> <li>• one language</li> <li>• fees paid in Swiss francs only</li> <li>• recording of changes</li> <li>• one operation</li> <li>• local agent not compulsory usually when there is a refusal</li> </ul>

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## 6.12 INDIAN CONTEXT

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The Trademarks (Amendment) Bill 2009 that allows any person or enterprise to seek registration of trademark in any of the 84 member countries of Madrid Protocol through a single application was passed by the Lok Sabha (House of People) in December 2009. The bill was passed by Rajya Sabha (House of States) on 10th August 2010.

The bill amending Trademarks Act to bring into force Madrid Protocol in India is yet to be implemented i.e. the effective date for the amendment bill to come into force has not yet been notified. The rules have to be amended to enable filing of Madrid applications in India. The Ministry of Industries have assured the Parliament that the infrastructure in Trademarks Registry would be upgraded to ensure that Madrid Protocol is implemented in India in appropriate manner.

The Indian Cabinet has approved a plan for the country to accede to the Madrid Protocol. If the proposal gets the backing of the Parliament, international Trademark owners will be able to extend their rights to the world's second most populous country using the Madrid system, and Indian applicants will be able to extend their trademarks overseas.

The Trademarks (Amendment) Bill 2009: Implementing the Madrid Protocol.

The Trademarks (Amendment) Bill 2009, which was first tabled in Parliament in the year 2007 and re-introduced in the year 2009, is significant step towards alignment of the Indian intellectual property regime with existing global norms.

The Bill, amongst other reforms, would implement the Madrid Protocol in India and make trademark applications analogous to Patent Cooperation Treaty (PCT) filings. In other words, applicants will no longer be required to file a separate trademark application in India in order to secure statutory rights in a trademark. Like PCT applications, an applicant may simply file a trademark application in any Madrid Protocol member country and choose India as one of the countries in which it wishes to seek trademark registration. This should be beneficial to applicants since costs and time would be saved.

Further, the bill prescribes a period of 18 months for the grant of an application to register a trademark, in line with the provisions of the Madrid Protocol.

Ratification of the Madrid Protocol is bound to have a noteworthy affect not only on the practice of trademark attorneys in India but also trademark rights holders in India. Proprietors of trademarks will be able to file trademark applications in countries other than India as the costs and logistic difficulties involved in overseas trademark fillings will be greatly reduced. Under the aegis of the Madrid Protocol, hindrances like attorney fees, translations costs, complicated procedures are set to reduce thereby leading to a scenario where Indian rights holders will be forthcoming in filing trademark applications abroad. However, on the flip side, the number of trademark applications filed by foreign entities in India, are certain to witness a decline.

Before the Madrid Protocol is adopted in earnest in India, few practical issues will have to be first clarified. Firstly, every country will have independent standards for prosecution of trademark applications and indeed some countries

may have much stringent procedures for securing and/or maintaining trademark registrations. Also, the basic principles of trademark law may differ from country to country as, for instance; an invented mark or a unique mark in India may be deemed as a generic or even obscene mark in some other country. Therefore, there is a need to perhaps introduce a common appraisal system with identified minimum thresholds for assessments.

Secondly, the Bill does not differentiate between trademarks and Certification Trademarks or Collective Trademarks and does not lay down any procedures for their treatment. This will have to be clarified sooner rather than later if the Madrid Protocol has to be successfully implemented in India. Most significantly, the implementation of the Madrid Protocol will lead to a very tricky conflict with Section 24 of the Advocates Act, 1961 which stipulates that a national of any other country may be admitted as an advocate, if citizens of India, duly qualified, are permitted to practice law in that other country.

Now the anomaly that arises is that the Trademark Rules, 2002, contains a provision that every applicant should have an address for service in India. If a foreign attorney files an application in India without an address for service in India then the Trademark Registry will not be able to correspond with such applicant/attorney as the Rules do not contain any provisions to this effect.

Assuming that this technical aberration is sorted out and the rules are duly amended, another problem then arises. Once the trademark application is prosecuted and the Applicant's attorney files a response to the examination report, then such advice may be deemed as being contrary to the provisions of Section 24 of the Advocates Act, 1961. To circumvent this inconsistency, foreign attorneys may end up seeking assistance from local attorneys which would again take us to a pre-Madrid Protocol scenario.

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### **6.13 NICE CLASSIFICATION**

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In principle, a mark will be protected only for those goods and/or services which were mentioned in the application. The applicant also needs to classify the goods and/or services according to the International Classification of Goods and Services ("the Nice Classification"). The Nice Classification is a system for the international classification of goods and services and comprises about 10,000 indications referring to goods (such as chemicals, pharmaceuticals, machinery, scientific equipment, vehicles, textiles, household utensils, games, food and drink) and 1,000 indications referring to services (such as advertising, telecommunications, transport, entertainment, medical, legal and security services). The current edition of the Nice Classification includes 34 classes of goods and 11 classes of services. The applicant needs to indicate goods and/or services as one wish, provided the applicant correctly classify those goods and/or services in accordance with the Nice Classification. However, in order to minimize the risk of irregularities, it is advisable to use, as far as possible, indications that exist in the Nice Classification.

#### **Summary of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (1957)**

The Agreement establishes a classification of goods and services for the purposes of registering trademarks and service marks (the Nice Classification). The

trademark offices of the contracting States must indicate, in the official documents and publications in connection with each registration, the numbers of the classes of the Classification to which the goods or services for which the mark is registered belong.

The Classification consists of a list of classes — there are 34 classes for goods and eleven for services — and an alphabetical list of goods and services. The latter comprises some 11,600 items. Both lists are amended and supplemented periodically by a Committee of Experts on which all contracting States are represented. The current edition of the Classification is the ninth, which entered into force on January 1, 2007.

Although only 83 States are party to the Nice Agreement, the trademark offices of at least 147 States, as well as the International Bureau of WIPO, the African Intellectual Property Organization (OAPI), the African Regional Intellectual Property Organization (ARIPO), the Benelux Organization for Intellectual Property (BOIP) and the Office for Harmonization in the Internal Market (Trademarks and Designs) (OHIM) of the European Communities, actually use the Classification.

The Nice Agreement created a Union, which has an Assembly. Every State member of the Union which has adhered to the Stockholm Act or the Geneva Act of the Nice Agreement is a member of the Assembly.

Among the most important tasks of the Assembly is the adoption of the biennial program and budget of the Union.

The Agreement, concluded in 1957, was revised at Stockholm in 1967 and at Geneva in 1977, and it was amended in 1979.

The Agreement is open to States party to the Paris Convention for the Protection of Industrial Property (1883). Instruments of ratification or accession must be deposited with the Director General of WIPO.

**Nice Classification: Class Headings** : (*Products described in various classes*)

- Class 1** : Chemicals used in industry, science and photography, as well as in agriculture, horticulture and forestry; unprocessed artificial resins, unprocessed plastics; manures; fire extinguishing compositions; tempering and soldering preparations; chemical substances for preserving foodstuffs; tanning substances; adhesives used in industry.
- Class 2** : Paints, varnishes, lacquers; preservatives against rust and against deterioration of wood; colorants; mordants; raw natural resins; metals in foil and powder form for painters, decorators, printers and artists.
- Class 3** : Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices.
- Class 4** : Industrial oils and greases; lubricants; dust absorbing, wetting and binding compositions; fuels (including motor spirit) and illuminants; candles and wicks for lighting.

## Trademarks-II

- Class 5** : Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides.
- Class 6** : Common metals and their alloys; metal building materials; transportable buildings of metal; materials of metal for railway tracks; non-electric cables and wires of common metal; ironmongery, small items of metal hardware; pipes and tubes of metal; safes; goods of common metal not included in other classes; ores.
- Class 7** : Machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements other than hand-operated; incubators for eggs.
- Class 8** : Hand tools and implements (hand-operated); cutlery; side arms; razors.
- Class 9** : Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment and computers; fire-extinguishing apparatus.
- Class 10** : Surgical, medical, dental and veterinary apparatus and instruments, artificial limbs, eyes and teeth; orthopaedic articles; suture materials.
- Class 11** : Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes.
- Class 12** : Vehicles; apparatus for locomotion by land, air or water.
- Class 13** : Firearms; ammunition and projectiles; explosives; fireworks.
- Class 14** : Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and chronometric instruments.
- Class 15** : Musical instruments.
- Class 16** : Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printers' type; printing blocks.

- Class 17 :** Rubber, gutta-percha, gum, asbestos, mica and goods made from these materials and not included in other classes; plastics in extruded form for use in manufacture; packing, stopping and insulating materials; flexible pipes, not of metal.
- Class 18 :** Leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks; whips, harness and saddlery.
- Class 19 :** Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal.
- Class 20 :** Furniture, mirrors, picture frames; goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum and substitutes for all these materials, or of plastics.
- Class 21 :** Household or kitchen utensils and containers; combs and sponges; brushes (except paint brushes); brush-making materials; articles for cleaning purposes; steelwool; unworked or semi-worked glass (except glass used in building); glassware, porcelain and earthenware not included in other classes.
- Class 22 :** Ropes, string, nets, tents, awnings, tarpaulins, sails, sacks and bags (not included in other classes); padding and stuffing materials (except of rubber or plastics); raw fibrous textile materials.
- Class 23 :** Yarns and threads, for textile use.
- Class 24 :** Textiles and textile goods, not included in other classes; bed and table covers.
- Class 25 :** Clothing, footwear, headgear.
- Class 26 :** Lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers.
- Class 27 :** Carpets, rugs, mats and matting, linoleum and other materials for covering existing floors; wall hangings (non-textile).
- Class 28 :** Games and playthings; gymnastic and sporting articles not included in other classes; decorations for Christmas trees.
- Class 29 :** Meat, fish, poultry and game; meat extracts; preserved, frozen, dried and cooked fruits and vegetables; jellies, jams, compotes; eggs, milk and milk products; edible oils and fats.
- Class 30 :** Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice.
- Class 31 :** Agricultural, horticultural and forestry products and grains not included in other classes; live animals; fresh fruits and vegetables; seeds, natural plants and flowers; foodstuffs for animals, malt.

**Trademarks-II**

**Class 32 :** Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.

**Class 33 :** Alcoholic beverages (except beers).

**Class 34 :** Tobacco; smokers' articles; matches.

**Services**

**Class 35 :** Advertising; business management; business administration; office functions.

**Class 36 :** Insurance; financial affairs; monetary affairs; real estate affairs.

**Class 37 :** Building construction; repair; installation services.

**Class 38 :** Telecommunications.

**Class 39 :** Transport; packaging and storage of goods; travel arrangement.

**Class 40 :** Treatment of materials.

**Class 41 :** Education; providing of training; entertainment; sporting and cultural activities.

**Class 42 :** Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software.

**Class 43 :** Services for providing food and drink; temporary accommodation.

**Class 44 :** Medical services; veterinary services; hygienic and beauty care for human beings or animals; agriculture, horticulture and forestry services.

**Class 45 :** Legal services; security services for the protection of property and individuals; personal and social services rendered by others to meet the needs of individuals.

Examples of marks applied under the Madrid Protocol

**"SIERRA"**

**Date of the registration:** 05.10.1955

**Expected expiration date of the registration/renewal:** 05.10.2015

**Language of the application:** French

**Name and address of the holder of the registration :** Ford-Werke GmbH Henry-Ford-Strasse 1 50735 Köln Germany

**Contracting State of which the holder is a national :**FR (France)

**Name and address of the representative :**Lorenz, Seidler, Gossel Rechts- und Patentanwälte Widenmayerstrasse 23 80538 München Germany

**Name and address of the previous holder :**Ford-Werke GmbH Henry-Ford-Strasse 1 Köln Germany

**Self Assessment Question**

**(Spend 3 minutes)**

3) Classify some of the marks you know through NICE Classification.

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**6.14 SUMMARY**

- A person or a legal entity having the necessary ‘connection’ through an establishment, domicile or nationality of any Contracting Party, or of a Member State of an intergovernmental organization (the European Union).
- In summary, once you have your mark applied for, or registered, in the territory through which you have the necessary connection (the “basic mark”), you can use that mark as the basis for filing an international trademark application with the International Bureau of WIPO.
- In the international application form, you indicate (‘designate’) the Contracting Parties in which you want to protect your mark. The term “Contracting Party” denotes any State which is party to the Madrid Agreement and/or the Madrid Protocol, as well as any intergovernmental organization (the European Union) which is party to the Madrid Protocol.
- The Madrid system is founded on the requirement of a basic national or regional trademark application or registration. Under the Madrid Agreement, an international application must be based on a mark that has already been registered (“basic registration”) in the trademark office of the territory through which you have the necessary connection (“Office of origin”). In contrast, under the Madrid Protocol, an international application may be based on either a mark that has already been registered (“basic registration”), or applied for, but not yet registered (“basic application”).
- The international application should include only goods and services covered by the basic application or registration. The Office of origin is the trademark office of the Contracting Party with which the applicant for international registration has the necessary connection (through establishment, domicile or nationality) to be entitled to file an international application. A “designation” means an indication (by ticking a box) in the international trademark application form, of one or more Contracting Parties where it is intended to apply for protection of your mark. A “subsequent designation” means an extension of the geographical scope of protection after the mark has already been registered. A subsequent designation is made by completing the appropriate form, indicating therein the additional Contracting Parties for which protection is sought.
- As of April 2011, 84 countries have joined the Madrid Protocol. These countries are called “Contracting Parties.” A current list of the Contracting

Parties is available online at the World Intellectual Property Organization (WIPO) website: <http://www.wipo.int/madrid/en/members>.

- The International Bureau of WIPO checks if the international application complies with formal requirements. If it does, the International Bureau records the mark in the International Register. It informs the Office of origin and sends a certificate of the international registration to the holder of the mark or to his recorded representative. It also notifies the Contracting Parties, which have been designated in the application, of the international registration. The trademark Offices of those Contracting Parties then examine the mark and either protect it or refuse protection. An international registration is initially protected for 10 years and protection can be renewed indefinitely. Each renewal is made for a further 10 years.

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## **6.15 TERMINAL QUESTIONS**

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- 1) What is Madrid system of International registration of Marks.
- 2) Enumerate the benefits of International registration of Marks.
- 3) Describe the effect of International of registration through Madrid System.
- 4) What is NICE Classification?
- 5) What is International registry of Marks and who maintains it?

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## **6.16 ANSWERS AND HINTS**

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### **Self Assessment Questions**

- 1) Read Section 6.4
- 2) Read Section 6.8
- 3) You need to take few examples of our own and classify them.

### **Terminal Questions**

- 1) Read Section 6.1 & 6.3
- 2) Read Section 6.4
- 3) Read Section 6.8
- 4) Read Section 6.12
- 5) Read Section 6.10

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## **6.17 REFERENCES AND SUGGESTED READINGS**

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- 1) Madrid System for the International Registration of Marks - Report for 2009.
- 2) The Madrid Agreement Concerning The International Registration of Marks and the Protocol Relating to that Agreement: Objectives, Main Features, Advantages.
- 3) Trademarks - Comic book.
- 4) The Madrid System for the International Registration of Marks.  
(All of the above are WIPO publications)

**SCHEDULE OF FEES**  
(in force on September 1, 2008)*Swiss francs*1) *International applications governed exclusively by the Agreement*

The following fees shall be payable and shall cover 10 years:

- |  |     |
|--|-----|
| 1.1 Basic fee (Article 8(2)(a) of the Agreement)*  |     |
| 1.1.1 where no reproduction of the mark is in color  | 653 |
| 1.1.2 where any reproduction of the mark is in color   | 903 |
| 1.2 Supplementary fee for each class of goods and services beyond three classes (Article 8(2)(b) of the Agreement) | 100 |
| 1.3 Complementary fee for the designation of each designated Contracting State (Article 8(2)(c) of the Agreement)  | 100 |

2) *International applications governed exclusively by the Protocol*

The following fees shall be payable and shall cover 10 years:

- |   |     |
|---|-----|
| 2.1 Basic fee (Article 8(2)(i) of the Protocol)*  |     |
| 2.1.1 where no reproduction of the mark is in color   | 653 |
| 2.1.2 where any reproduction of the mark is in color  | 903 |
| 2.2 Supplementary fee for each class of goods and services beyond three classes (Article 8(2)(ii) of the Protocol), except if only Contracting Parties in respect of which individual fees (see 2.4, below) are payable are designated (see Article 8(7)(a)(i) of the Protocol) | 100 |

*Swiss francs*

- |   |     |
|---|-----|
| 2.3 Complementary fee for the designation of each designated Contracting Party (Article 8(2)(iii) of the Protocol), except if the designated Contracting Party is a Contracting Party in respect of which an individual fee is payable (see 2.4 below) (see Article 8(7)(a)(ii) of the Protocol)  | 100 |
| 2.4 Individual fee for the designation of each designated Contracting Party in respect of which an individual fee (rather than a complementary fee) is payable (see Article 8(7)(a) of the Protocol) except where the designated Contracting Party is a State bound (also) by the Agreement and the Office of origin is the Office of a State bound (also) by the Agreement (in respect of such a Contracting Party, a complementary fee is payable): the amount of the individual fee is fixed by each Contracting Party concerned |     |

\* For international applications filed by applicants whose country of origin is a Least Developed Country, in accordance with the list established by the United Nations, the basic fee is reduced to 10% of the prescribed amount (rounded to the nearest full figure). In such case, the basic fee will amount to 65 Swiss francs (where no reproduction of the mark is in color) or to 90 Swiss francs (where any reproduction of the mark is in color).

3) *International applications governed by both the Agreement and the Protocol*

The following fees shall be payable and shall cover 10 years:

- |       |  |     |
|-------|--|-----|
| 3.1   | Basic fee*   |     |
| 3.1.1 | where no reproduction of the mark is in color  | 653 |
| 3.1.2 | where any reproduction of the mark is in color   | 903 |
| 3.2   | Supplementary fee for each class of goods and services beyond three classes  | 100 |
| 3.3   | Complementary fee for the designation of each designated Contracting Party in respect of which an individual fee is not payable (see 3.4, below)   | 100 |
| 3.4   | Individual fee for the designation of each designated Contracting Party in respect of which an individual fee is payable (see Article 8(7)(a) of the Protocol), except where the designated Contracting Party is a State bound (also) by the Agreement and the Office of origin is the Office of a State bound (also) by the Agreement (in respect of such a Contracting Party, a complementary fee is payable): the amount of the individual fee is fixed by each Contracting Party concerned |     |

Swiss francs

4) *Irregularities with respect to the classification of goods and services*

The following fees shall be payable (Rule 12(1)(b)):

- |     |   |   |
|-----|---|---|
| 4.1 | Where the goods and services are not grouped in classes   | 77 plus 4 per term in excess of 20        |
| 4.2 | Where the classification, as appearing in the application, of one or more terms is incorrect provided that, where the total amount due under this item in respect of an international application is less than 150 Swiss francs, no fees shall be payable | 20 plus 4 per incorrectly classified term |

5) *Designation subsequent to international registration*

The following fees shall be payable and shall cover the period between the effective date of the designation and the expiry of the then current term of the international registration:

- |     |   |     |
|-----|---|-----|
| 5.1 | Basic fee   | 300 |
| 5.2 | Complementary fee for each designated Contracting Party indicated in the same request where an individual fee is not payable in respect of such designated Contracting Party (see 5.3, below) | 100 |

\* For international applications filed by applicants whose country of origin is a Least Developed Country, in accordance with the list established by the United Nations, the basic fee is reduced to 10% of the prescribed amount (rounded to the nearest full figure). In such case, the basic fee will amount to 65 Swiss francs (where no reproduction of the mark is in color) or to 90 Swiss francs (where any reproduction of the mark is in color).

5.3 Individual fee for the designation of each designated Contracting Party in respect of which an individual fee (rather than a complementary fee) is payable (see Article 8(7)(a) of the Protocol) except where the designated Contracting Party is a State bound (also) by the Agreement and the Office of the Contracting Party of the holder is the Office of a State bound (also) by the Agreement (in respect of such a Contracting Party, a complementary fee is payable): the amount of the individual fee is fixed by each Contracting Party concerned

*Swiss francs*

6) *Renewal*

The following fees shall be payable and shall cover 10 years:

6.1	Basic fee	653
6.2	Supplementary fee, except if the renewal is made only for designated Contracting Parties in respect of which individual fees are payable (see 6.4, below)	100
6.3	Complementary fee for each designated Contracting Party in respect of which an individual fee is not payable (see 6.4, below)	100
6.4	Individual fee for the designation of each designated Contracting Party in respect of which an individual fee (rather than a complementary fee) is payable (see Article 8(7)(a) of the Protocol) except where the designated Contracting Party is a State bound (also) by the Agreement and the Office of the Contracting Party of the holder is the Office of a State bound (also) by the Agreement (in respect of such a Contracting Party, a complementary fee is payable): the amount of the individual fee is fixed by each Contracting Party concerned	
6.5	Surcharge for the use of the period of grace	50% of the amount of the fee payable under item 6.1

7) *Miscellaneous recordings*

7.1	Total transfer of an international registration	177
7.2	Partial transfer (for some of the goods and services or for some of the Contracting Parties) of an international registration	177
7.3	Limitation requested by the holder subsequent to international registration, provided that, if the limitation affects more than one Contracting Party, it is the same for all	177
7.4	Change of name and/or address of the holder of one or more international registrations for which recordal of the same change is requested in the same request	150
7.5	Recording of a license in respect of an international registration or amendment of the recording of a license	177

8) *Information concerning international registrations*

- 8.1 Establishing a certified extract from the International Register consisting of an analysis of the situation of an international registration (detailed certified extract), up to three pages 155 for each page after the third 10
- 8.2 Establishing a certified extract from the International Register consisting of a copy of all publications, and of all notifications of refusal, made with respect to an international registration (simple certified extract), up to three pages 77 for each page after the third 2
- 8.3 A single attestation or information in writing for a single international registration 77 for each additional international registration if the same information is requested in the same request 10
- 8.4 Reprint or photocopy of the publication of an international registration, per page 5

9) *Special services*

The International Bureau is authorized to collect a fee, whose amount it shall itself fix, for operations to be performed urgently and for services not covered by this Schedule of Fees.

*End of the document*

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## UNIT 7 INFRINGEMENT OF TRADEMARKS AND REMEDIES

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### Structure

- 7.1 Introduction
  - 7.2 Objectives
  - 7.3 What Amounts to Infringement?
  - 7.4 Who can Sue?
  - 7.5 What does not Amount to Infringement (Section 30)?
  - 7.6 Use on Reconditioned or Second Hand Articles
  - 7.7 Parallel Importation Section 30(2)(C)(I)
  - 7.8 Use on Parts and Accessories Section 30(2)(D)
  - 7.9 Remedies
  - 7.10 Infringement Cases
  - 7.11 Passing Off
  - 7.12 Offences
  - 7.13 Summary
  - 7.14 Terminal Questions
  - 7.15 Answers and Hints
  - 7.16 References and Suggested Readings
- Annexures

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### 7.1 INTRODUCTION

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Under Section 27 of the TM Act, no action for infringement will lie in respect of an unregistered trademark. However, the Section does recognize the common law rights of the proprietor of the Trademark to bring an action of passing off goods/services as the goods /services of another and remedies thereof.

As per Section 28 of the Act the registration of trademark of a trademark shall, if valid, give to the registered proprietor the exclusive right to use of the Trademark in relation to the goods or services in respect of which the Trademark is registered and obtain relief in respect of the infringement of the Trademark in the manner provided under the Act.

Trademark infringement is a violation of the exclusive rights attached to a trademark without the authorization of the proprietor of the trademark or any licensees. Infringement of a trademark may occur when one party, the “infringer”, uses a trademark which is identical or confusingly similar to a trademark owned by another party, in relation to products or services which are identical or similar to the products or services which the registration covers. An owner of a trademark may commence legal proceedings against a party which infringes its registration.

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## 7.2 OBJECTIVES

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After reading this unit, you should be able to:

- explain the Infringement and the remedies under the Trademark Act 1999; and
- appreciate the case law related with trademarks.

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## 7.3 WHAT AMOUNTS TO INFRINGEMENT?

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Under the Trademark Act, 1999, a registered trademark is infringed by a person who,

- 1) *not being a registered proprietor<sup>4</sup> or a person using by way of permitted use,*
  - *uses in the course of trade,*
  - *a mark*
    - o *which is identical with, or*
    - o *deceptively similar to,*
    - o *the Trademark*
  - *in relation to goods or services in respect of which the Trademark is registered and*
  - *in such manner as to render the use of the mark likely to be taken as being used as a trademark.<sup>1</sup>*
- 2) *not being a registered proprietor or a person using by way of permitted use,*
  - *uses in the course of trade,*
  - *a mark which because of-*
    - o *its identity with the registered Trademark and the similarity of the goods or services covered by such registered Trademark; or*
    - o *its similarity to the registered Trademark and the identity or similarity of the goods or services covered by such registered Trademark; or*
    - o *its identity with the registered Trademark and the identity of the goods or services covered by such registered trademark<sup>2</sup>,*
  - *is likely to cause confusion on the part of the public, or*
  - *which is likely to have an association with the registered trademark.<sup>3</sup>*
- 3) *not being a registered proprietor or a person using by way of permitted use,*
  - *uses in the course of trade,*
  - *a mark which*
    - o *is identical with or similar to the registered Trademark; and*
    - o *is used in relation to goods or services which are not similar to those for which the Trademark is registered; and*

---

<sup>1</sup> Sec 29(1)

<sup>2</sup> In any case falling under this, the court shall presume that it is likely to cause confusion on the part of the public.

<sup>3</sup> Sec 29(2)

- o *the registered Trademark has a reputation in India and*
  - o *the use of the mark without due cause takes unfair advantage of or is detrimental to,*
  - o *the distinctive character or repute of the registered trademark.*
- 4) *if an [unauthorized person] uses such registered Trademark, as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern dealing in goods or services in respect of which the Trademark is registered.*
- 5) *applies such registered Trademark to a material intended to be used for labeling or packaging goods, as a business paper, or for advertising goods or services, provided such person, when he applied the mark, knew or had reason to believe that the application of the mark was not duly authorized by the proprietor or a licensee<sup>4</sup>.*
- 6) *by any advertising of that Trademark if such advertising-*
- a) *takes unfair advantage of and is contrary to honest practices in industrial or commercial matters; or*
  - b) *is detrimental to its distinctive character; or*
  - c) *is against the reputation of the Trademark.<sup>5</sup>*

For the purposes of Section 29 (infringement), a person uses a registered mark, if, in particular, he-

- a) affixes it to goods or the packaging thereof;
- b) offers or exposes goods for sale, puts them on the market, or stocks them for those purposes under the registered trademark, or offers or supplies services under the registered trademark;
- c) imports or exports goods under the mark; or
- d) uses the registered trademark on business papers or in advertising<sup>6</sup>.

Under the Trademark Act, a mark shall be deemed to **deceptively similar** to another mark if it so nearly resembles that other mark as to be likely to deceive or cause confusion.<sup>7</sup>

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

*Lakshmandhara held similar to Amritdhara (in relation to medicines)*

*“Shine Star” for parts of motor land vehicles held similar to “Eastern Star” for cycle and cycle parts.*

*Pepsi-Cola held not similar to Coca-Cola in relation to beverages; cola being a word commonly used as a part of marks for beverages.*

The following factors must be taken into consideration:

*Nature of the Marks (Invented words/ devices/ descriptive words/ numerals)*

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<sup>4</sup> Sec 29(7)

<sup>5</sup> Sec 29(8)

<sup>6</sup> Sec 29(6)

<sup>7</sup> Section 2(1)(h)

*Degree of resemblance- phonetic, visual as well as similarity in idea*

*Nature of goods in respect of which they are used as trademarks*

*Similarity in nature, character and purpose of the goods of rival traders.*

*Class of purchasers who are likely to buy goods bearing the mark, their level of education, & degree of care they are likely to exercise in purchasing goods.*

*Mode of purchase of goods and any other surrounding circumstances*

Where the respective marks or products or services are not identical, similarity will generally be assessed by reference to whether there is a **likelihood of confusion** that consumers will believe the products or services originated from the trademark owner.

Likelihood of confusion is not necessarily measured by actual consumer confusion, though normally one of the elements, but by a series of criteria Courts have established. In an US case the Ninth Circuit Courts of Appeal have announced the following eight specific elements to measure likelihood of confusion:

- 1) Strength of the mark
- 2) Proximity of the goods
- 3) Similarity of the marks
- 4) Evidence of actual confusion
- 5) Marketing channels used
- 6) Type of goods and the degree of care likely to be exercised by the purchaser
- 7) Defendant's intent in selecting the mark
- 8) Likelihood of expansion of the product lines<sup>8</sup>.

<b>Self Assessment Question</b>	<b>(Spend 2 minutes)</b>
1) What you understand from the above on Trademark Infringement. List out the key points.	
.....	
.....	
.....	
.....	
.....	
.....	
.....	

### 7.4 WHO CAN SUE?

The registered proprietor, his heirs and registered users can sue for infringement. An assignee of a registered trademark can also sue for infringement.

<sup>8</sup> *AMF, Inc v. Sleekcraft Boats*, 599 F.2d 341 (C.A.9) 1979

### Rights conferred by registration

Owner of unregistered TM cannot sue for or recover damages for infringement. He can bring action for passing-off or criminal proceedings. The registration gives the proprietor an exclusive right to use the trademark in relation to goods or services for which it is registered. He can obtain relief in respect of infringement.

*The suit for Infringement and passing off Lies in a court not inferior to District Court having jurisdiction.*

*Even lies in a High Court having jurisdiction to grant relief.*

*Only a registered proprietor or registered user may sue for infringement*

*Liability may be fastened to a director provided his involvement is proved*

In **Glaxo Smith Kline Pharmaceuticals Ltd. v. Unitech Pharmaceuticals Pvt. Ltd.**<sup>9</sup> the plaintiff claimed that defendants are selling products under the trademark FEXIM that is deceptively similar to the plaintiff's mark PHEXIN, which is used for pharmaceutical preparations. It was alleged that the defendants are selling anti-biotic tablets with the trademark 'FEXIM' with the packing material deceptively similarly to that of the plaintiff, whereby intending to not only infringe the trademark but also to passing off the goods as that of the plaintiff as the two marks are also phonetically similar.

Upon finding that the defendant's mark was phonetically and deceptively similar with the plaintiff's mark the court had restrained the defendant from using the trademark 'FEXIM' or any trademark deceptively similar to the trademark of the plaintiff 'PHEXIN', any label/packaging material deceptively similar and containing the same pattern as that of the plaintiff.

Even if a company is not doing business in country, but it is a well-known company, then also it would be entitled to get authority over its trademark. As held in case of **N.R. Dongare v. Whirlpool Corp. Ltd.** where the defendants have failed to renew their trademark 'WHIRLPOOL' and in the meantime the plaintiffs have got registration of the same. In this case court said that though there was no sale in India, the reputation of the plaintiff company was travelling trans-border to India as well through commercial publicity made in magazines which are available in or brought in India.

The court held that the "WHIRLPOOL" has acquired reputation and goodwill in this country and the same has become associated in the minds of the public. Even advertisement of Trademark without existence of goods in the mark is also to be considered as use of the Trademark. The magazines which contain the advertisement do have a circulation in the higher and upper middle income strata of Indian society. Therefore, the plaintiff acquired trans-border reputation in respect of the Trademark "WHIRLPOOL" and has a right to protect the invasion thereof.

In **Intel Corporation v. Dinakaran Nair** case<sup>10</sup> the plaintiff claimed that the defendants have used a deceptively similar mark to its trademark 'INTEL', which it is in use since 1968 itself, in the form of 'ARTINTEL'. The goods of the plaintiff are also similar to that of the defendants i.e. computer goods which includes software, software development etc.

<sup>9</sup> MANU/DE/2840/2005

The Court held that since the defendants have been unable to give any explanation as to why the name 'ARTINTEL' it appears that it is also a case of passing off where the defendants are using the good will of the plaintiffs for their benefits. Accordingly, a perpetual injunction is granted by the Court in favour of the plaintiff along with the damages.

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## 7.5 WHAT DOES NOT AMOUNT TO INFRINGEMENT (SECTION 30)?

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Following acts do not constitute infringement of the right to the use of a registered trademark:

- i) When a person uses a trademark in accordance with honest practices in industrial and commercial matters that do not take unfair advantage.
- ii) When a person uses a trademark in relation to goods or services indicating character, quality or geographical origin
- iii) When a person uses a trademark in relation to services to which the proprietor has already applied the mark or registered user the object of the use is to indicate that the proprietor or the registered user has performed the services.
- iv) When a person uses a trademark, which is subject to any conditions or limitations, beyond the scope of such conditions or limitations will not constitute infringement.
- v) When a person uses a mark in relation to goods to which the mark has been lawfully applied, or where the registered proprietor has consented to the use of the mark. This applies to cases where goods are purchased in bulk and sold in retail applying the mark.
- vi) When a person uses a mark in relation to parts of a product or accessories to the goods in respect of which the mark is registered if the use is reasonably necessary to indicate that the goods so adapted.
- vii) When a person uses a mark or a similar mark in the exercise of a right conferred by independent registration.
- viii) When a person assigns a trademark to another, this will not affect the right of that person to sell or deal in the goods bearing that mark.

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## 7.6 USE ON RECONDITIONED OR SECOND HAND ARTICLES

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Use of the plaintiff's mark on reconditioned goods may constitute infringement even if it is made clear that the goods are not original but only reconditioned.

- **Rolls Royce v. Zanelli** (1979) RPC 148 (Infringement & Passing-off), the defendants intended to buy second hand Rolls-Royce Silver Shadow motor cars to convert their body work so that they appeared to be four door versions of the more expensive Rolls-Royce Corniche motors cars, and sell the converted cars under the name Rolls Royce Panache. Interlocutory injunction was granted but the first defendant was allowed to use his own converted car for purely domestic purposes.

- **Rolls Royce v. Dodd** (1981) FSR 517: the defendant, a motor engineer concerned with the repair of automatic gear boxes of the kind used in Rolls-Royce and Bentley motor cars, built a car having a grille similar to the plaintiff's grille using plaintiff's registered Trademark, emblem & logo. The cars had Rolls-Royce engine. Defendant contended that he had built the car only to advertise his business and he was not selling cars. Interlocutory injunction was granted.

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## 7.7 PARALLEL IMPORTATION SECTION 30(2)(C) (I)

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- **Samsung v. K.L. Lalani** (2006) Delhi High Court has issued injunctions against dealers trading in grey market Samsung ink toner cartridges.
- Under Section 30, a proprietor can institute an action against TM infringement against any person dealing in grey market goods where the condition of the genuine goods has been altered without the proprietor's consent after they have been put on the market.
- Non-conformity with the labelling requirements and the import of goods which are not supported by company guarantees and warranties amount to impairment in the condition of the goods without the authorization of the brand owner, thereby causing infringement under Trademarks Act.
- Customs can stop counterfeit and grey market consignments entering India under this law. Remedy under section 30 is independent of remedy under Customs Act for undervaluation. In practice, most parallel imports are undervalued!
- **Bose Corporation v. Mehta** (2006) Defendant restrained from importing and selling grey market genuine Bose audio systems in India without any authorization from the company.

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## 7.8 USE ON PARTS AND ACCESSORIES SECTION 30(2) (D)

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A registered trademark can be legitimately used by others on their parts and accessories if the following conditions are satisfied:

- a) The goods on which the mark is used is adapted to form part of, or accessory to, some goods for which it is registered;
- b) The use of the mark must be reasonably necessary in order to indicate that the goods are so adapted; and
- c) Neither the purpose nor the effect of the use of the mark must be to indicate a connection in the course of trade between any person and the goods, which is not in accordance with the fact;
- d) Any person may use the registered trademark for the purpose of identifying goods or services as those of the proprietor provided the use;
- e) Is in accordance with honest practices in industrial or commercial matters;
- f) Is not to take unfair advantage of or be detrimental to distinctive character or repute of the mark.

<b>Self Assessment Question</b>	<b>(Spend 3 minutes)</b>
2) Understand from the above on what grounds a Trademark is not infringed. List out the key points.	
.....	
.....	
.....	
.....	
.....	

## 7.9 REMEDIES

There are basically the following two types of remedies available for the infringement of Trademark:

**Infringement Action:**

An action for infringement, which is a statutory right, is dependent on the validity of the registration of the mark. Trademark registration is prima facie proof of ownership of the mark. In case of infringement there is often no need to prove that the Trademark has a reputation or goodwill. The question of fraud or the probability of deception is immaterial, the plaintiff just have to prove that he is the true owner of the Trademark and the defendant is using a mark that is identical or deceptively similar to the registered mark and no further proof is required.

“...[I]n an action for infringement the onus would be on the plaintiff to establish that the Trademark used by the defendant in the course of trade in the goods in respect of which his mark is registered, is deceptively similar. This has necessarily to be ascertained by a comparison of the two marks-the degree of resemblance which is necessary to exist to cause deception not being capable of definition by laying down objective standards. The persons who would be deceived are, of course, the purchasers of the goods and it is the likelihood of their being deceived that is the subject of consideration. The resemblance may be phonetic, visual or in the basic idea represented by the plaintiffs mark. The purpose of the comparison is for determining whether the essential features of the plaintiff’s Trademark are to be found in that used by the defendant. The identification of the essential features of the mark is in essence a question of fact .... It should, however, be borne in mind that the object of the enquiry in ultimate analysis is whether the mark used by the defendant as a whole is deceptively similar to that of the registered mark of the plaintiff.”<sup>11</sup>

The relief and remedy in infringement proceedings include:

- 1) Injunction;
- 2) Restriction on the future use of the mark;
- 3) Damages or on account of profits;

<sup>11</sup> Hon’ble SC in Kaviraj Pandit case [AIR 1965 SC 980]

- 4) Order for delivery of the infringing labels and marks for destruction;
- 5) Seizure and confiscation of the infringing goods by the police department;
- 6) Arrest of the infringers;
- 7) Fines and penalties.

### **Injunctions:**

Injunction is a judicial order issued to prohibit a party from doing or continuing to do a certain activity. It is an extraordinary remedy that courts utilize in special cases where preservation of the status quo, or taking some specific action is required in order to prevent possible injustice.

Fundamentally all types of injunctive relieves are usually preventive or protective in character.

Based on the duration of the restraint, an injunction may be classified as: a restraining order, a temporary or preliminary injunction, or a permanent injunction.

Based on their nature they can be either of preventive injunction, reparative injunction, structural injunction, temporary injunction, permanent injunction, mandatory injunction etc.

It has to bear in mind that the granting of an injunction is within the equitable discretion of the Court.

In a case Hon'ble SC has ruled that **"..[T]he law on the subject is well settled. In case of infringement either of trademark or copyright normally an injunction must follow. Mere delay in bringing an action is not sufficient to defeat the grant of injunction in such cases. The grant of injunction also becomes necessary if it prima facie appears that the adaptation of the mark is dishonest."**<sup>12</sup>

Further, every time a person passes off his goods as those of another he commits an act of deceit. Whenever and wherever a person commits breach of a registered trademark of another, he commits a recurring act of breach or infringement of Trademark, giving to the owner of the Trademark, a recurring and fresh cause of action.<sup>13</sup>

### **Types of Injunctions**

Some of the main injunctions are discussed below.

#### **Mandatory Injunction**

Mandatory injunction is an injunction that orders a party to do an affirmative act or mandates a specified course of conduct. It might compel specific performance of an act.

#### **Preliminary Injunction**

A preliminary or temporary injunction is a provisional remedy that is sought to preserve the subject matter in its existing condition until the trial is over.

<sup>12</sup> *Midas Hygiene Industries v. Sudhir Bhatia*, [2004 (28) PTC 121 (SC)].

<sup>13</sup> *Bengal Waterproof v. Bombay Waterproof* [(1977) 1 SCC 99, at 109-110]; followed in *Hindustan Petroleum v. H P Oil Corp.* (2004) 28 PTC 362.

Its purpose is to maintain the *status quo* and prevent irreparable damage to the subject matter of the litigation until a pending ruling or outcome. After the trial, the court may issue a permanent injunction, or dissolve the temporary injunction.

### **Permanent Injunction**

As the name suggest, permanent injunction or perpetual injunction is an injunction which is granted by a court at the end of a lawsuit. A permanent injunction order requires a party to do or refrain from a particular act.

### **Preventive Injunction**

Preventive injunction is an injunction commanding a party to refrain from doing an act. It is also known as prohibitive, prohibitory, or negative injunction. This type of injunction prevents a threatened injury, preserves the status quo, or restrains the continued commission of an ongoing wrong.

### **Mareva Injunction**

The injunction is named after the 1975 UK case, *Mareva Compania Naviera SA v. International Bulkcarriers SA*<sup>14</sup>.

A Mareva injunction or a freezing injunction is a interlocutory court order. It is designed to freeze the assets of a defendant, in appropriate circumstances, pending determination of a plaintiff's claim.

Mareva injunctions are often used to prevent a defendant from transferring assets out of the Court's jurisdiction as soon as a claim is served, in order to frustrate enforcement of any ensuing judgment.

Through Mareva injunction the defendant is restrained from disposing of his assets in the sense that to do so will constitute contempt of court, but the injunction does not affect the defendant's power to dispose of his assets.

### **Anton Piller Order**

An **Anton Piller order** is a court order that provides the right to search premises and seize evidence without prior warning. This prevents destruction of incriminating evidence, particularly in cases of alleged trademark, copyright or patent infringements.

The order is named for the case of *Anton Piller KG v. Manufacturing Processes Limited* [1976] Ch 55. They are now known as *search orders* in England and Wales.

<sup>14</sup> 2 Lloyd's Rep 509 [1975]. It held (in the words of Lord Denning) that "[i]f it appears that the debt is due and owing and there is a danger that the debtor may dispose of his assets so as to defeat it before judgment the Court has jurisdiction in a proper case to grant an interlocutory judgment so as to prevent him [sic] disposing of those assets..", cited by US Apex Court in *GRUPO MEXICANO de DESARROLLO, S. A., et al. v. ALLIANCE BOND FUND, INC., et al.* [527 U.S. 308 (1999)]

*The English Court has approved a procedure under which a plaintiff can apply in camera (without notice to the defendant, lest he is alerted) to a competent court for pre-trial relief, for a search order; the court may pass an order directing the defendant to permit his premises to be inspected by the plaintiff, accompanied by his solicitor; the plaintiff has the right to seize, copy or take photographs of any material relevant to the alleged infringement.*

The Anton Piller orders are only issued exceptionally and in certain exceptional circumstances and according to the three-step test set out by Ormrod LJ in the Anton Piller case:

- 1) There is an *extremely strong prima facie* case against the respondent,
- 2) The *damage*, potential or actual, *must be very serious* for the applicant, and
- 3) There must be *clear evidence that the respondents have in their possession incriminating* documents or things and that there is a *real possibility that they may destroy/or dispose off such material* before an *inter partes application* can be made.

#### **Difference between Search Order (an Anton Piller order) and a Search Warrant:**

There are certain features that distinguish a search order (an Anton Piller order) from a search warrant.

*In a search order, the plaintiff's solicitor, as an officer of the Court, must be present, as also, in most cases, the independent supervising solicitor, who is from another firm; the defendant has to be given time, normally two hours, to think, and seek legal aid; the plaintiff is required to give cross-undertaking in damages.*

It is here to be clearly noted that *'Anton Piller Order is not a search warrant. It only authorizes entry and inspection by permission of the defendant. Entry without defendant's permission in defendant's premises would be a trespass.* The defendant is, however, ordered by the court in personam to give his permission with the result that *if he does not do so, he is in contempt of court, but the plaintiff is still not entitled to enter in the absence of permission.* [Skone James et al., *Copinger and Skone James on Copyright, 1991, pp 332-33*]

"In the enforcement of this order, the plaintiffs must act with due circumspection. On the service of it, the plaintiffs should be attended by their solicitor, who is an officer of the court. They should give the defendant an opportunity of considering it and of consulting his own solicitor. If he wishes to apply to discharge the order as having been improperly obtained, he must be allowed to do so. If the defendant refuses permission to enter or inspect, they must not force their way in." [Anton Piller K.G. v. Manufacturing Processes Ltd. (1976) RPC 719]

The search order may require the defendant, not only to deliver up infringing goods or supporting documents, but also to give information, say, about his sources of supply or destination of goods being dispatched by him or any other relevant information.

*If the plaintiff or his solicitor misuses the order, the defendant is entitled to claim damages from the plaintiff. [Columbia Pictures v. Robinson (1987) Ch. 38]*

**[In India,] [a]n Anton Piller Order is similar to the ex-parte interlocutory order to inspect the premises of the defendant and take an inventory of the offending articles etc. passed in an ordinary suit. [National Garments v. National Apparels (1990) PTC 98]**

**Other important facts relating to the Anton Piller Order:**

- 1) An Anton Piller order will not be passed where the defendants are reputable companies and there is no reason for thinking that they would not punctiliously comply with the court order. [Booker Mc Connell v. Plascow (1985) RPC 425]
- 2) There should be clear evidence that there is a real possibility that the defendants may destroy such material or where there is grave danger of property being smuggled away.
- 3) It is the duty of the counsel for the plaintiff to ensure (usually by putting draft minute of order before the judge) that the order he is asking contains all proper safeguards for the absent defendants. [Booker Mc Connell v. Plascow (1985) RPC 618]

**Self Assessment Question**

**(Spend 2 minutes)**

- 3) List out the type of Injunctions.

.....  
.....  
.....  
.....  
.....

**7.10 INFRINGEMENT CASES**

- **Cadila Healthcare Ltd v. Cadila Pharmaceuticals Ltd 2001 PTC 541 SC**

Factors to be considered in deciding deceptive similarity in passing-off cases:

- a) Nature of the marks (word mark/label mark/composite marks)
- b) Degree of resemblance, phonetically similar/ similar in idea
- c) Nature of goods in respect of which they are used as trademarks
- d) Class of purchasers & mode of purchasing & surrounding circumstances.

In this case, the appellant sold its medicine for Falcipharum Malaria under the trademark FALCIGO, whereas the defendants sold their medicine for the same disease under the mark FALCITAB, both schedule "L" products. They were held not deceptively similar.

• ***Kumaran Silks (Source : Times of India, Chennai : 25 August 2011)***

Proprietors of the Sri Kumaram Stores in T Nagar, Chennai, won a case on trademark infringement against competitors in Kancheepuram who sold under the name of 'Kanchi Kumaran Silks'. A petition filed by J E Jenardhanan, partner, Sri Kumaran Stores, said that the trademark 'Kumaran' was conceived in 1955 when their partnership firm was established by Chengalavaraya Chettiar. He wove Kanchipuram saris and cycled to Chennai to sell them.

Pointing out that the partners of the firm were the owners of copyright in the original artistic work produced by the firm, the petition said the enterprise planned to open an outlet for the sale of readymade garments and silk saris in Kancheepuram.

When the new store 'Kanchi Sri Kumaran Weavers' opened, they were told that another shop named 'Kanchi Kumaran Silks' had been operating since 2005. Jenardhanan said the word 'Kumaran' – an essential feature of their registered trademark and trading style – had been "deliberately and intentionally introduced prominently so as to gain undue mileage out of their well-established reputation and goodwill."

Though a notice was sent to 'Kanchi Kumaran Silks' in May 2010, it continued to use the name and infringe trademark. Denying the allegations, the rival firm said the suit had arisen out of "trade rivalry and jealousy."

Passing orders, Justice S Rajeswaran said the term 'trademark' was defined as a mark capable of distinguishing the goods or services of one person from those of others.

Ruling in favour of the older firm, the judge ordered a stay on any representative of 'Kanchi Kumaran Silks' from – in any manner – manufacturing, selling, stocking or advertising goods marked 'Kumaran' or carrying the relative artistic work which resembled that of Sri Kumaran Stores.

• ***Siemens gets ex-parte relief in trademark infringement case : 15.09.2011:  
New Delhi :Hary M. Pillai. (Source : law etal.news)***

The Delhi High Court has issued an ex-parte injunction against SSS Sports Syndicate preventing them from using the well known trademark "SIEMENS" in respect of "carrom powder" or any other goods manufactured and sold by them.

Justice Gita Mittal issued this order in a case filed by Siemens, a company based in Germany, which has a considerable presence in India. Siemens through advocate Anju Agrawal from the law firm LS Davar & Co., argued that, their trademark is a well known and registered trademark in India, which is used for a wide variety of products and that the defendant SSS Sports Syndicate has adopted the trademark "SIEMENS" in relation to its goods so as to benefit from the

reputation and goodwill of the plaintiff and also to take advantage of the goodwill to earn undue profits.

It was also the concern of the plaintiff, that the purchasing public and traders who associate the trademark "SIEMENS" exclusively with the plaintiff, will invariably be deceived into believing that the goods of the defendants are in fact those of the plaintiff.

Senior advocate Rajiv Nayar appearing for Siemens along with advocate Sushant Kumar argued that this is a calculated act on the part of the defendants to deceive purchasers and induce them to purchase goods of the defendant as those of the plaintiff and that the malafide intention of defendant is clear from the fact that the defendant has also adopted the same plural form of representation of the "SIEMENS" trademark as is done by the plaintiff.

It was also argued that as a result of this act of infringement/ passing-off by the defendant, the plaintiff has suffered loss and damages and a continuance of such conduct on the part of the defendant will cause the further loss and damage which could be irreparable.

Siemens has apart from seeking a decree of permanent injunction also sought damages from the defendant.

• *M/S Mahashian Di Hatti Ltd. v. Mr. Raj Niwas*

In its judgment in *M/s. Mahashian Di Hatti Ltd. v. Mr. Raj Niwas*, Proprietor of MHS, the Delhi High Court re-affirmed the differential evidentiary standards prescribed for trademark infringement and passing off. ( Source : SPICY IP)

The plaintiff uses the registered logo, MDH within three hexagon device on red colour background, in its business of manufacturing and selling spices & condiments. The aforesaid logo has been in use since 1949 in respect of various products such as "Kashmiri Mirch" and "Kasoori Methi". Registered since 31st May, 1991, the plaintiff attributes its goodwill and reputation to the long and continuous usage of the mark, various publicity programs and quality of products.

In the instant suit, the plaintiff contended that the logo used by the defendant, MHS within hexagen device with red colour background, was similar to its logo. The plaintiff, therefore, sought injunction restraining the defendant who was also engaged in the same business from using the infringing logo MHS or any other trademark identical or deceptively similar to its MDH logo. The defendant inter alia tried to blunt these arguments by contending the phonetic dissimilarity between MDH and MHS.

As per Section 29(1) of Trademarks Act, 1999, a registered Trademark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to, the Trademark in relation to goods or services in respect of which the trademark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trademark.

Relying on *Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories*, Court distinguished the remedies pertaining to trademark infringement and passing off. In an action pertaining to trademark infringement,

the statutory right of the owner of the registered Trademark would be infringed when the mark used by the defendant was visually, phonetically or otherwise similar to the registered Trademark of the plaintiff. The plaintiff just had to prove that the trademark adopted by the defendant substantially resembled its trademark on account of extensive use of the main features present in his trademark. Even if the defendant proved that the consumer could distinguish his products from that of the plaintiff, he would still be held liable for infringement of the registered trademark. On the other hand, in case of passing off, if there was a possibility for distinction of goods by the consumer, the defendant would not be held liable.

In the instant case, the Court compared the logos of the plaintiff and the defendant and inter alia discerned the following similarities: a) as in the logo used by the plaintiff, the defendant used three hexagons for framing its logo; b) the letters of both MDH and MHS were written in white colour and (c) As in MDH, the background colour in MHS was red. In the light of above similarities, Court concluded the presence of strong visual similarity in spite of weak phonetic similarity. Further, it was also noted that both the parties were engaged in the same business of manufacturing and selling spices. Thus, the registered trademark of plaintiff was held to be infringed by the defendant. The defendant was, therefore, restrained from manufacturing, selling or marketing any spices or condiments using the impugned logo MHS or any other trademark which was identical or deceptively similar to the registered trademark of the plaintiff.

Significantly, the Court awarded punitive damages amounting to rupees one lakh in the instant case. Citing various case laws, the Court inter alia observed that punitive damages were governed by principles of corrective justice. The Court, further, noted that if punitive damages were not awarded in cases like the instant one, it would encourage unscrupulous individuals / companies to take unfair advantage upon the goodwill and reputation of others.

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## 7.11 PASSING OFF

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An action of passing off is a direct subject matter of the law of tort or common law of right. Passing off is not defined in The Trademarks Act, but it provides the rules of procedure and the remedies available.

The cause of action in favour of the plaintiff will arise if the defendant in the course of trade misrepresents to prospective or ultimate customers of goods and services that the goods or services of the defendant is connected to the goods or services of the plaintiff and is calculated to injure the business or goodwill of the plaintiff or which actually causes damages to the business or goodwill of the plaintiff.

Passing off action can only be initiated in a place where the defendant resides or carries on business or where any part of the cause of action arose.

### **Difference between a suit for infringement and Passing Off:**

In a land mark judgment Hon'ble SC has observed that:

*“While 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, that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a*

registered Trademark for the vindication of the exclusive right to the use of the trademark in relation to those goods.

*The use by the defendant of the Trademark of the plaintiff is not essential in an action for passing off, but is the sine qua non in the case of an action for infringement. ....*

*....If the essential features of the Trademark of the plaintiff have been adopted by the defendant, the fact that the get-up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial; whereas in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff.*

*When once the use by the defendant of the mark which is claimed to infringe the plaintiff's mark is shown to be "in the course of trade,, the question whether there has been an infringement is to be decided by comparison of the two marks. Where the two marks are identical no further questions arise; for then the infringement is made out.*

When the two marks are not identical, the plaintiff would have to establish that the mark used by the defendant so nearly resembles the plaintiff's registered Trademark as is likely to deceive or cause confusion and in relation to goods in respect of which it is registered."

"...[I]n an action for infringement the onus would be on the plaintiff to establish that the Trademark used by the defendant in the course of trade in the goods in respect of which his mark is registered, is deceptively similar. .... The persons who would be deceived are, of course, the purchasers of the goods and it is the likelihood of their being deceived that is the subject of consideration..."<sup>15</sup>

***"In a passing off action the plaintiff's right is independent of the statutory right to a mark and it is in respect of the conduct of the defendant which leads to or is intended or calculated to lead to deception [in the mind of the general purchasers of the goods]."***<sup>16</sup>

*"...An infringement action is available where there is violation of specific property right acquired under and recognised by the statute. In a passing-off action, however, the plaintiff's right is independent of such a statutory right to a Trademark and is against the conduct of the defendant which leads to or is intended or calculated to lead to deception. Passing-off is said to be a species of unfair trade competition ..... by which one person, through deception, attempts to obtain an economic benefit of the reputation which another has established for himself in a particular trade or business. The action is regarded as an action for deceit. The tort of passing-off involves a misrepresentation made by the trader to his prospective customers calculated to injure, as a reasonably foreseeable consequence, the business or goodwill of another which actually or probably, causes damages to the business or good of the other trader...."*<sup>17</sup>

<sup>15</sup> Hon'ble SC in Kaviraj Pandit case [AIR 1965 SC 980]

<sup>16</sup> 1990 Supp. SCC 727

<sup>17</sup> N.R. Dongre And Ors. vs Whirlpool Corpn. [1996 (2) ARBLR 488 SC]

## 7.12 OFFENCES

The provisions relating to the offences will apply to both registered and unregistered trademarks.<sup>18</sup>

As per section 102 of the TM Act, 'anyone infringing the mark or falsifying or falsely applying the mark is liable to be punished in criminal courts.

The trade description gives a vivid or attractive image or perspective of the goods and services to the public and thereby helps in the sale of the goods or recourse being had of the services<sup>19</sup>. Hence in order that the public may not be deceived by misdescriptions, the Trademark Act provides for penalties also for applying false trade description as for applying false trademark.<sup>20</sup>

Thus, if any person who:

- falsifying any trademark; or
- Falsely applies to goods or services any trademark. or
- makes, disposes of, or has in possession, any die, block machine, plate or other instrument for the purpose of false description to goods and services; or
- applies any false description to goods or services; or
- applies to any goods to which an indication of the country or place in which they are made or produced or the name and address of the manufacturer or person for whom the goods are manufactured is required to be applied, a false indication of such country, place name or address; or
- tempers with or alters an indication of origin; or
- causes any of the things above mentioned to be done, shall be punishable with imprisonment for 6 months to 3 yrs and with fine from Rs 50,000 to 200,000/-.

Section 104 provides for the penalty for selling goods or providing services to which false trademark or trade description is applied.<sup>21</sup>

<sup>18</sup> *State of UP v. Ram Nath* [AIR 1972 SC 232]

<sup>19</sup> 'Law of Intellectual Property', by V J Taraporevala, p. 354.

<sup>20</sup> Sec 103.

<sup>21</sup> "Any person who sells, lets for hire or exposes for sale, or hires or has in his possession for sale, goods or things, or provides or hires services, to which any false Trademark or false trade description is applied or which, being required under Section 139 to have applied to them an indication of the country or place in which they were made or produced or the name and address of the manufacturer, or person for whom the goods are manufactured or services provided, as the case may be, are without the indications so required, shall, unless he proves,-  
(a) that, having taken all reasonable precautions against committing an offence against this section, he had at the time of commission of the alleged offence no reason to suspect the genuineness of the trademark or trade description or that any offence had been committed in respect of the goods or services; or  
(b) that, on demand by or on behalf of the prosecutor, he gave all the information in his power with respect to the person from whom he obtained such goods or things or services; or  
(c) that otherwise he had acted innocently, be punishable with imprisonment for a term which shall not be less than six months but which may extend to three years and with fine which shall not be less than fifty thousand rupees but which may extend to two lakh rupees: Provided that the court may, for adequate and special reasons to be mentioned in the judgment, impose a sentence of imprisonment for a term of less than six months or a fine of less than fifty thousand rupees."

Section 105 provides for the enhanced penalty on second and subsequent conviction.

If a person is convicted of an offence under section 103 or section 104 or section 105 or is acquitted of an offence under section 103 or section 104 on proof that he acted without intent to defraud, or under section 104 on proof of the matters specified in clause (a), clause (b) or clause (c) of that section, the court convicting or acquitting him may direct the forfeiture to Government of all goods and things by means of, or in relation to, which the offence has been committed, or but for such proof as aforesaid would have been committed.<sup>22</sup>

**TRIPS Agreement – Enforcement ( Art. 41 -61 )**

- Members to enact laws to permit effective action against any act of infringement.
- Expeditious remedies to prevent infringement and to constitute deterrent to further infringements.
- Procedures concerning enforcement shall be fair and equitable. Not to be unnecessarily complicated or costly, or entail unreasonable time limits or delays.
- Provision for review of administrative decisions by by judicial authority.
- No obligation on members to create special courts for IPR Enforcement cases.
- Civil Judicial procedures to be made available to parties for IPR enforcement.
- Judicial authority shall have power to take evidence and make adjudication on merits. They should have power to order injunctions to desist from infringement, and to order infringer to pay adequate damages & attorney's fees.
- Appropriate provisions to destroy goods or otherwise disposed of outside the channels of commerce. For counterfeit goods, simple removal of trademark unlawfully affixed shall not be sufficient to permit release of goods into the channels of commerce.
- Judicial authorities shall have power of making Anton Pillar orders.
- Criminal procedures for imprisonment, fines, forfeiture & destruction mandatory

**7.13 SUMMARY**

A registered trademark is infringed by a person,

- who not being a registered proprietor or a person using by way of permitted use,
- uses in the course of trade,
- a mark which is identical with or deceptively similar to, the trademark
- in relation to goods or services in respect of which the Trademark is registered

<sup>22</sup> Section 111

- and in such manner as to render the use of the mark likely to be taken as being used as a Trademark.

However, the following uses also constitute infringement if such use is likely to cause confusion or likely to have association with the registered trademark:

- Identical marks used in relation to identical goods or services;
- Identical marks used in relation to similar goods or services;
- Similar marks used in relation to identical goods or services

A registered trademark is also infringed if the following conditions are satisfied:

- Mark is identical with or similar to the registered trademark;
- Goods or Services are not similar;
- The registered trademark has a reputation in India;
- The use of the mark by defendant must be without due cause; &
- The use of the mark takes unfair advantage of, or is detrimental to, the distinctive character or repute of the registered trademark

A registered trademark is infringed by a person if he uses the mark as his trade name or part of his trade name, or name of his business concern or part of name of his business concern dealing in goods or services in respect of which the Trademark is registered.

A registered trademark is infringed by a person who applies the mark to a material intended for use in labeling or packaging goods, as a business paper, or for advertising goods or services if he knew that the application of the mark was not duly authorized.

It is an infringement of the mark to use it in advertising:

- Which takes unfair advantage and is contrary to the honest practices in industrial or commercial matters;
- Which is against the reputation of the mark; or
- Which is detrimental to its distinctive character

The Owner of unregistered TM cannot sue for or recover damages for infringement. He can bring action for passing-off or criminal proceedings. The registration gives the proprietor an exclusive right to use the trademark in relation to goods or services for which it is registered. He can obtain relief in respect of infringement.

The Suit for Infringement and passing off:

- Lies in a court not inferior to District Court having jurisdiction.
- Even lies in a High Court having jurisdiction to grant relief.
- Only a registered proprietor or registered user may sue for infringement.
- Liability may be fastened to a director provided his involvement is proved.

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## 7.14 TERMINAL QUESTIONS

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- 1) What is Anton Pillion Order? Give examples?
- 2) What is Injunction and list out the various types of Injunctions?
- 3) What is Trademark Infringement? Give examples?
- 4) What does not constitute a Trademark Infringement?
- 5) What are the different types of remedies available for Trademark Infringement?

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## 7.15 ANSWERS AND HINTS

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### Self Assessment Questions

- 1) Read Section 7.3
- 2) Read Section 7.5
- 3) Read Section 7.9

### Terminal Questions

- 1) Read Section 7.9
- 2) Read Section 7.9
- 3) Read Section 7.9
- 4) Read Section 7.5
- 5) Read Section 7.5

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## 7.16 REFERENCES AND SUGGESTED READINGS

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- 1) Communication to Thing: Historical Aspects to the Conceptualization of Trademarks as Property”, Prof. Lionel Bently, University of Iowa Legal Studies Research Paper, Number 2007/31.
- 2) MaCarthy on ‘Trademarks and Unfair Competition’, 4<sup>th</sup> Edition.
- 3) Bentley & Sherman on ‘Intellectual Property Law’, 3<sup>rd</sup> Edition.
- 4) Intellectual Property Laws: Acts, rules and regulations: Universal Law Publishing.

## FAQ'S OF TRADEMARK IN INDIA

### **What is a Trademark?**

Trademarks are words, names, symbols, brands, devices, headings, labels, tickets, signatures, letters or numerals or any combination thereof, used or proposed to be used by manufacturers of goods to identify and to distinguish their goods from goods manufactured and sold by others. A person who sells his goods under a particular trademark acquires a sort of limited exclusive right to use the mark in relation to those goods.

### **What are the benefits of trademark registration?**

Trademark registration protects the goodwill of a business and also helps to identify and distinguish the source of the goods or services of one party from those of others. Trademark registration is an evidence of ownership of the trademark and also constructive notice nationwide are issued of the trademark owner's claim. Trademark registration in India can also be used as a basis for obtaining registration in foreign countries.

### **Who can file an application for trademark registration?**

The application must be filed in the name of the owner of the trademark; usually an individual, corporation or partnership. Generally, the person who uses or controls the use of the mark, and controls the nature and quality of the goods to which it is affixed, or the services for which it is used, is the owner of the mark.

### **What trademarks can be registered?**

A Trademark which consists of at least one of the following essential particulars: the name of a company, individual or firm represented in a particular or special manner; the signature of the applicant for registration; one or more invented words; one or more words having no direct reference to the character or quality of the goods and not being according to its ordinary signification a geographical name or a surname or a personal name or any common abbreviation thereof or the name of a sect, caste or tribe in India; any other distinctive Trademark; a Trademark which has acquired distinctiveness by use over a prolonged period of time, may be registered.

### **What trademarks may not be registered?**

Trademark, which is identical to or deceptively similar to a trademark, which is already registered or has already been applied for in the name of a different proprietor in respect of the same goods or description of goods, may not be registered. Also trademark the use of which would be likely to deceive or cause confusion; the use of which would be contrary to any law in force; which comprises or contains scandalous or obscene matter or any matter likely to hurt the religions susceptibilities of any class or section of the citizens of India; may not be registered.

### **How long does it take for a mark to be registered?**

Due to a lot of back log and also since the applications are processed on "first come first serve" basis generally, it takes on an average about 5-6 years before the mark is registered provided no opposition is entered by any third party.

**could the office refuse to register a mark?**

Yes, the Trademark office will refuse to register matter if it does not function as a trademark. Not all words, names, symbols or devices function as trademarks. For example, matter which is merely the generic name of the goods on which it is used cannot be registered.

**Do I have to be an Indian citizen to obtain a trademark registration?**

No. However, an applicant's citizenship must be set forth in the record. If an applicant is not a citizen of any country, then a statement to that effect is sufficient. If an applicant has dual citizenship, then the applicant must choose which citizenship will be printed in the Official Gazette and on the certificate of registration.

**Is it possible for a foreign corporation to license a trademark in India against payment of royalty in a foreign currency?**

An agreement for payment of royalty to a non-resident requires the prior approval of the government. The government's policy statement makes it clear that in case of a use of a foreign brand name a payment of royalty shall not be allowed unless the products on which the mark is used are intended for export.

**Can the ownership of a trademark be assigned or transferred from one person to another?**

Yes. A registered mark, or a mark for which an application to register has been filed is assignable.

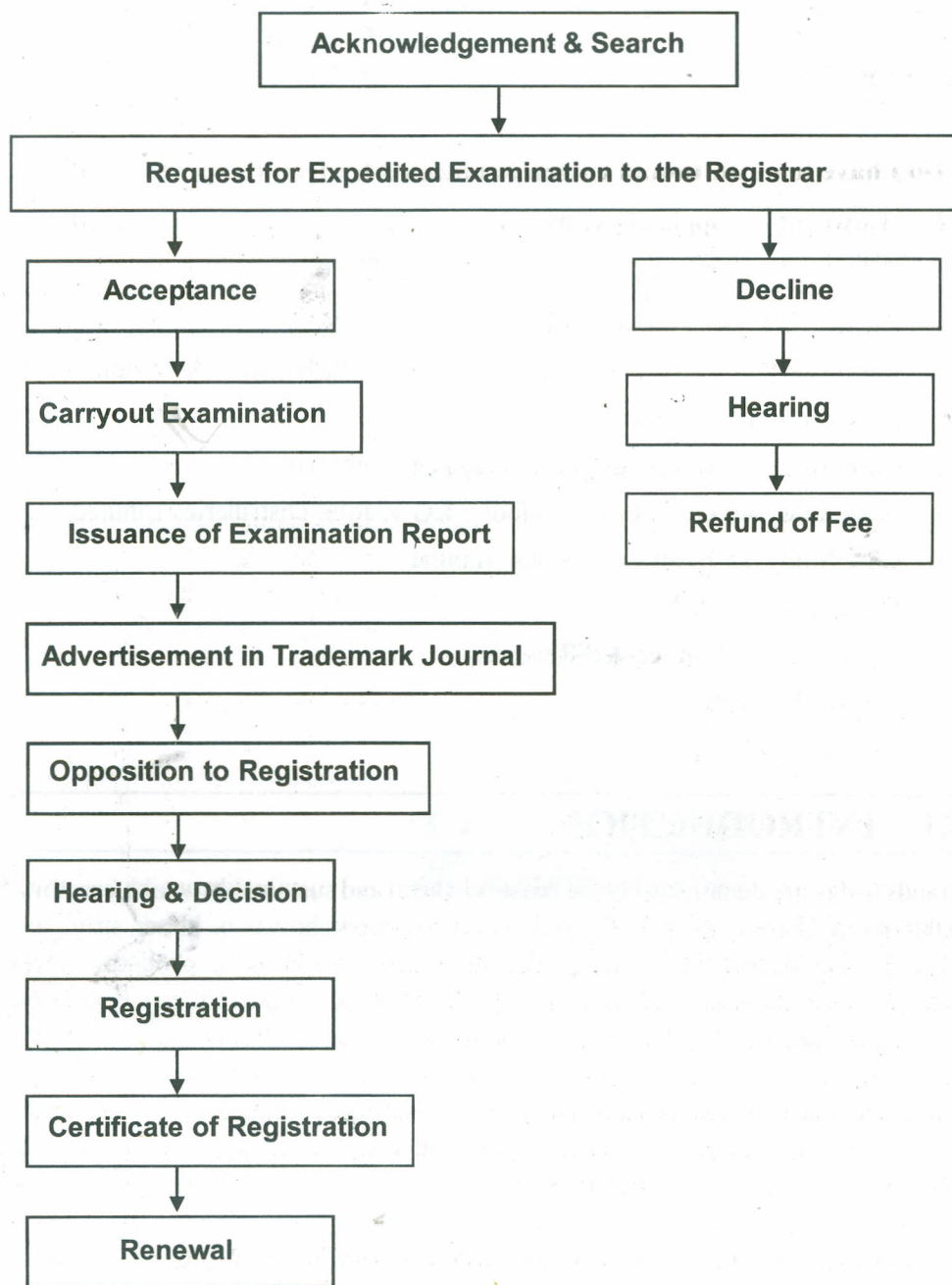
**When is it proper to use the "TM" and the registration symbol "®" with the mark?**

Once you have filed an application for registration of trademark, the "TM" symbol may be used with the mark. Anyone who claims rights in a mark may use the TM (trademark) designation with the mark to alert the public to the claim. However, the registration symbol, ®, may only be used once the mark is actually registered in the Trademark Registrar's Office. Even though an application is pending, the registration symbol may not be used before the mark has actually become registered.

**What forms of protection are available for trademarks?**

There are two forms of legal protection that are available for trademarks. Under the Trade and Merchandise Marks Act, 1958, once the trademark is registered, infringement can be easily established. In case of unregistered marks and marks which are not registerable, the only form of protection is the common law remedy of passing off. Trademark law protects the right of the owner of a mark to use marks that distinguish his goods from others and to prevent others from using marks that are likely to cause confusion.

**Steps involved in the process of Trademark Registration:**



**End of the document**

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## UNIT 8 GOODWILL AND PASSING OFF

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### Structure

- 8.1 Introduction
- 8.2 Objectives
- 8.3 Trademarks Create Goodwill
- 8.4 Case Study 1: Wal Mart Case
- 8.5 Passing Off (Or 'Palming Off')
- 8.6 Case Study 2 : D.M. Entertainment v. Baby Gift House – A Review
- 8.7 Dilution of Trademarks
- 8.8 Case Study 3 : V. Venugopal v. Ushodaya Enterprises
- 8.9 Case Study 4 : Gorbatschow Wodka KG v. John Distrilleries Limited
- 8.10 Case Study 5 : Toyota v. Deepak Mangal
- 8.11 Summary
- 8.14 References and Suggested Readings
- 8.12 Terminal Questions
- 8.13 Answers and Hints

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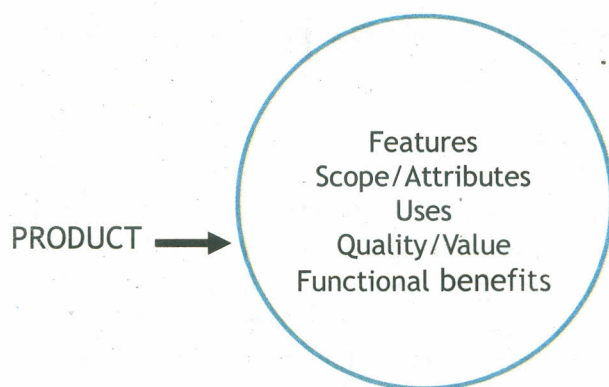
### 8.1 INTRODUCTION

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Brands today are demonstrably the most powerful and sustainable wealth creators in the world. Therefore, a brand's future needs to address how to be better, stronger, more distinctive and more valued. The definition of a brand is probably more complex today than it has ever been. People have more choice today than they ever had before. So, the brand must be, so to say, a bridge of trust to the consumer. Trust is undoubtedly the future of a brand. A brand has to be customer-friendly. There are many characteristics shared by the strongest brands today, the most critical of which are clarity, consistency and leadership. Around the world, millions of dollars are spent every year in building a strong brand. A brand is the identity of a product and assures of a pre-sold quality. Corporate image is now days being treated as a brand. It is the net result of interaction of all experiences, interaction of belief and knowledge that people have about the company, and many products have names synonymous with the brand names. A brand thus generates the goodwill of the company also and, therefore, needs to be protected.

### **Brand**

*Emotional factors/benefits  
symbols  
Customer relationship  
Self expressive personality  
User Imagery  
Goodwill*



Goodwill is generated as the business is carried on and is augmented with the passage of time, and it is the mechanical quality of a particular trade, which attracts the customers. Goodwill has become a component of the total value of an undertaking that is attributable to earn profits. Therefore, brand protection becomes inevitable in the present day scenario.

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## 8.2 OBJECTIVES

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After reading this unit, you should be able to:

- explain interlink age of Goodwill and Trademarks, Passing off and Dilution of Trademarks; and
- discuss the concepts using the interpretation and judgments pronounced by the Indian courts on Trademark infringement cases.

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## 8.3 TRADEMARKS CREATE GOODWILL

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Next to identifying the goods or services and their origin, trademarks also create a certain amount of goodwill. Using advertisements, exclusive sales channels and other means, many companies have been able to built up a prestigious image for their products (e.g. of high quality, or being very exclusive). Trademarks are essential in such image building. The trademark not only indicates the origin of the good, but also represents a certain amount of quality. Many people will buy products labelled with such a mark because of the quality they expect, but also because of the image it creates for them and for the people around them.

Needless to say, it then becomes very attractive for others to try and profit from the goodwill created by the trademark holder. Many counterfeit copies of trademarked goods regularly enter the market in the hopes of confusing potential buyers. Because such counterfeit copies are typically of inferior quality with respect to the original product, they can seriously harm the value of the trademark and the image created. This explains why many trademark holders are very active in prosecuting copy cats and destroying counterfeit goods.

An intangible reward for businesses once they generate “name recognition” and establish public confidence in their goods or services. When this happens, consumers want to return to that business for repeat purchases. Thus, as goodwill increases, so does demand, and the business can then raise its prices in accordance. Without trademarks, most businesses would be unable to establish goodwill because their customers would have no way of recognizing their products or services. Erosion of goodwill occurs when consumer confusion exists as to a

product's source. Thus, protection of goodwill is one of the primary purposes of trademark law, and is highly guarded.

Assignment or transfer of a trademark must occur in conjunction with the transfer of goodwill represented by that mark, or else the assignment is invalid. Furthermore, if assignment occurs without goodwill, the trademark is effectively abandoned typically, it is the assignee's rights in the mark that are abandoned, but sometimes it is the assignor that abandons its rights. The result of such abandonment on the assignee is that the assignee cannot benefit from the early first use date of the assignor, and must instead go by the assignee's date of first use in order to establish priority.

Goodwill is "the unprotected and unreported investment that a client has in his business". What is important is the date at which goodwill begins to grow, the date of first use, and how that growth is recorded within the business.

The common belief that goodwill commences as of the date of registration is false. Goodwill is not acquired until such time as a trader commences to use his trade name or unregistered trademark in association with the wares or services that he is marketing. The existence of a registration is not sufficient to prove that any mark has been used.

"First Use" is a term defined in Trademarks Act as being the date at which a trader commences the process of actively trading in his wares. Therefore, the date of first use can be;

- the date at which a trader commissioned the printer to start printing his literature but not the date he consulted with the artist to design the literature,
- the date of the first mail out of a proposal but not the date the proposal was prepared
- the date that the first advertisement of a product appeared but not the date that the advertisement was composed, or
- the date at which the first unsolicited order for wares arrived at the traders place of business.

It is not necessary that the trader be paid for a transaction to be concluded, however, it is important to record this transaction.

Evidence in support of the date of first use is critical. All actions that challenge the ownership or registrability center around this date.

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## **8.4 CASE STUDY 1: WAL MART CASE<sup>1</sup>**

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The Delhi High court has enjoined a Delhi based Indian firm from using Wal-Mart as either their trademark or trade name on the ground that the same infringes the trademark of Wal-Mart.

The Delhi based Indian firm used Wal-Mart as their trademark in the Indian market. Aggrieved by this, Wal-Mart filed an injunction petition before the Delhi High Court for restraining Indian firm from further using Wal-Mart as their

<sup>1</sup> Jayant kumar : Protecting Walmart Trademark in India: [www.spicyip.com](http://www.spicyip.com)

trademark or conducting any business under the corporate name of “Wal-Mart Stores Pvt. Ltd.”. The Delhi High Court bench headed by Justice Vipin Sanghi held that “They (the Indian firm) will not use Wal-Mart, either as trademark or trade name. They have applied to Registrar of the Companies for change of the name.”

It is interesting to note that the basis of this injunction is the trans-boundary reputation of Wal-Mart in international market. Wal-Mart is yet to establish its trademark goodwill in Indian retail market. However, it can be considered that the trademark reputation of Wal-Mart was travelling trans-border to India as well through commercial publicity made in magazines which are available in or brought in India.

The doctrine of trans-boundary reputation was first recognized by Indian courts in the case of N. R. Dongre and Ors v. Whirlpool Corpn. and Anr., 1996(6) SCALE 276. Since then, Indian Courts have granted injunction for trademark infringement on the basis of trans-boundary reputation. The injunction order can be considered as a significant victory for Wal-Mart in the initial battle of protecting its trademark in India during its ‘gestation period’.

**Self Assessment Question**

**(Spend 3 minutes)**

1) List out the famous brands you know. Identify their trademarks

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**8.5 PASSING OFF (OR ‘PALMING OFF’)**

**Meaning and History of Passing off Law:**

Passing off action has emerged as a common law remedy for the tortuous act of “selling his own goods as that of another.”

In the case *Perry v. Truefitt* [6.Beav.66[eng 1842], Lord Langdale M.R. laid down the principle “A man is not to sell his own goods under the pretence that they are goods of another man .”

The doctrine of Passing Off has emerged as a remedy against deception, fraud and misrepresentation. Now any action where the *plaintiff has the goodwill/reputation* and there is a *misrepresentation by the defendant* and *such misrepresentation has caused damage to the plaintiff’s goodwill or it is probably going to cause such damage* that amounts to passing off (*classic trinity test*).

**Advocaat Case and Lord Diplock’s Dictum.**

The Advocaat case is a bench mark in the passing off cases chiefly because of the principle laid down by **Lord Diplock** in this case, which has given a new

direction to the passing off law by widening the scope and laying *down five characteristics* which are necessary to create a cause of action of *passing off*.

**Facts:**

Warnink the plaintiff was a Dutch company producing and selling liquor 'Advocaat' an egg and spirit based beverage since many years in Holland and they had acquired great reputation and goodwill in English market too.

In 1974 defendants came out with a beverage by name "**Keeling's Old English Advocaat**" which is an egg and wine based. The wine based beverages were levied less tax which helped the defendant to sell his product at a lesser price than that of the plaintiff.

Plaintiff brought an action against the defendant for passing off at a lower court where Goulding J held in favour of the plaintiff company. The defendant went for an appeal and the Court of Appeal reversed the Lower Court's judgment and held in favour of the defendant (now the appellant) and said that the sad act doesn't constitute the classical form of passing off. But this was challenged by the Warnink Company in the House of Lords.

The appellant contended that the word '*Advocaat*' is *distinctive in nature, and it has acquired the reputation and goodwill in England*. The respondents with the intention of enmeshing the goodwill of the appellants used the name Advocaat in their new beverage, but the respondents' product has no natural association with the word 'Advocaat', and by this the respondent has induced the public to believe that his 'Keeling's Old English Advocaat' is in fact the 'Advocaat'.

*Respondent's contention was that the appellants have no cause of action against them, because "the passing off action is limited to a plaintiff's right to prevent the defendant from passing off of his goods and services as plaintiffs.*

The major issues before the court were,

- Whether the word '*Advocaat*' is purely descriptive of the nature of the drink or it *has attained any distinctiveness?*
- ***Whether passing off requires substitution of the goods of one, (appellants) with that of another (respondents).***

Considering all these the House of Lords decided the case in favour of the Appellant the Warnink Company and ***laid down a test of five principles*** or characteristics which is *necessary to constitute an action of passing off*. They are;

- 1) A ***misrepresentation,***
- 2) Made by a trader in the ***course of his trade,***
- 3) To ***prospective customers*** of his or ultimate consumers of goods or services supplied by him.
- 4) Which is ***calculated to injure the business or goodwill of another trader*** (in the sense that it is a reasonably foreseeable consequence); and
- 5) Which ***causes actual damage to a business or goodwill of the trader*** by whom the action is brought or (in a *quia timet* action) will probably do so.

- 1) **Misrepresentation:** in this case when the court found that the facts misrepresentation is made by the defendant by naming his product as Old English Advocaat, because Advocaat is a type of beverage prepared by egg and spirit and the beverage produced by the defendant was based on the egg and wine combination and such kind of beverage was hitherto known as Egg Flip. So here the defendants were misrepresenting their egg flip as Advocaat. Here we can see that even though the defendant is not misrepresenting his product as that of the plaintiff, it may not constitute an action of passing off in the classical form. But still **it was held that if it causes confusion to the common man it amounts to passing off.**
- 2) **Made by a trader in the course of his trade:** the passing off must be done by a trader in course of trade, which means a trading activity is required and such passing off must be in relation with such trade. In this case both the parties are in the same trade of manufacturing beverage.
- 3) **To prospective customers of his or ultimate consumers of goods or services:** In the Advocaat Case, the facts shows that even though it was true the defendant's beverage has not substituted the plaintiff's product in the market, but it was said that, that it has caused the confusion in the consumers with ordinary knowledge and the defendant was also intended to do that.
- 4) **Which is calculated to injure the business or goodwill of another trader:** the very fact that the defendants were using the name of the plaintiff's product as a part of their product's name it shows that they want to create an impression in the minds of its prospective customers that in buying their "Old English Advocaat" they are in fact buying the plaintiff's product which in turn affect the business of the plaintiff.
- 5) **Which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a *quia timet* action) will probably do so:** the facts of the case shows that the "old English Advocaat" has not substituted the plaintiff's Advocaat in market, but it still has acquired an appreciable market and which has found that damage has been caused to the plaintiff. Such damage has occurred only because the defendant has used the word Advocaat.

#### **In India:**

In India the concept has been borrowed from UK, the courts do refer the UK decisions while dealing with passing off cases.

In 1970 the Supreme Court in the case of *Ruston & Hornby Ltd v. Z Engineering Co Ltd*<sup>2</sup> said that *the gist of the passing off action is that A is not entitled to represent his goods as that of B. The court has also said that the intention of A to deceive B is immaterial.*

*"In a passing off action the plaintiff's right is independent of the statutory right to a mark and it is in respect of the conduct of the defendant which leads to or is intended or calculated to lead to deception [in the mind of the general purchasers of the goods]"*<sup>3</sup>

<sup>2</sup> AIR 1970 SC 1649.

<sup>3</sup> 1990 Supp. SCC 727

In *Wander Ltd. v. Antox India (P) Ltd*<sup>4</sup> the focus has shifted from classical form to the new regime given by Lord Diplock and was held that to **“the tort of passing off includes a misrepresentation made by a trader to his prospective customers calculated to injure, as a reasonable foreseeable consequence, the business or goodwill of the other trader.”**

“... In a passing-off action, however, the plaintiff's right is independent of such a statutory right to a Trademark and is against the conduct of the defendant which leads to or is intended or calculated to lead to deception. Passing-off is said to be a species of unfair trade competition ..... by which one person, through deception, attempts to obtain an economic benefit of the reputation which another has established for himself in a particular trade or business. The action is regarded as an action for deceit. The tort of passing-off involves a misrepresentation made by the trader to his prospective customers calculated to injure, as a reasonably foreseeable consequence, the business or goodwill of another which actually or probably, causes damages to the business or good of the other trader....”<sup>5</sup>

In *Cadila Health Care v. Cadila Pharmaceuticals case*<sup>6</sup> the SC has gone one step ahead and concept of **deceptive similarity** was applied and it was held that:

“...Broadly stated in an action for passing off ..... generally for deciding the question of **deceptive similarity** the following factors to be considered:

- 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 works.*
- b) *The degree of resemblance between the marks, phonetically similar and hence similar in idea.*
- c) *The nature of the goods in respect of which they are used as trademarks.*
- d) *The similarity in the nature, character and performance of the goods of the rival traders.*
- e) *The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.*
- f) *The mode of purchasing the goods or placing orders for the goods and*
- g) *Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.*

*Weightage to be given to each of the aforesaid factors depends upon facts of each case and the same weightage cannot be given to each factor in every case.”*

Even if the goods are not same or similar to each other, then also no one can use the registered trademark of a company for any kind of goods which may result in the harm to the business and reputation of the company which is the owner of the trademark.

<sup>4</sup> Ibid.

<sup>5</sup> *N.R. Dongre And Ors. v. Whirlpool Corpn.* [1996 (2) ARBLR 488 SC]

<sup>6</sup> 2001 PTC 300 SC

In *the Aktiebolaget Volvo and Ors. v. Mr V.N. Prasad and Anr case*<sup>7</sup> the plaintiff is the registered owner of the trademark ‘VOLVO’, which they have been using for since 1927 in manufacturing of spare parts and other car goods. The defendant company by the name of ‘Indian Volvo’ was operating a bus against which this action has been brought. The plaintiffs had sent a legal notice to the defendants pursuant to which they altered the name from ‘VOLVO’ to ‘VOLWO’ changing just the spelling of the same. The plaintiffs contend that the mark used by the defendants is phonetically similar to that of the plaintiffs’ mark.

The court held that it is a clear case of passing off and in light of the Hero Honda case damages both compensatory and punitive ought to be awarded to the tune of rupees 2 lac as only one bus was being used.

<b>Self Assessment Question</b>	<b>(Spend 4 minutes)</b>
1) Understand the concept of Passing off and describe the same in your own words.	
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**8.6 CASE STUDY 2:D.M. ENTERTAINMENT v. BABY GIFT HOUSE – A REVIEW<sup>8</sup>**

In this present case, *DM entertainment v. Baby Gift House and others*, is a landmark case in the Indian context of celebrity merchandising. Daler Mehndi, the most famous pop star hailing from Punjab has created a niche audience and is immensely popular amongst Punjabi-pop music lovers. The appellant company was incorporated in 1996 to manage the artist’s escalating career. The crux of the case is that the defendants had prolific businesses in selling miniature toys of Daler Mehndi and majorly cashed on to his popularity. Majorly aggrieved, the plaintiff company filed for permanent injunction from infringing the artist’s right of publicity and false endorsement leading to passing off.

*The plaintiff company had been assigned all the right, titles and interests in the personality of the artist along with the Trademark, Daler Mehndi. It was contended by the plaintiff that the unauthorized or unlicensed use of or any part of the reputation of the artist, with respect to goods or services of any manner will lead to make an impression on the public that the goods or services are associated with the singer. And hence it was submitted that such a use would lead to passing off. It was further averred by the plaintiff that such use was done for commercial exploitation without adequate permission from the person or any other authorized by him, shall constitute infringement of the person’s right to publicity.*

<sup>7</sup> MANU/ DE/ 216/2006

<sup>8</sup> Subhajit Banerji – Guest post on spicy ip .com

*Section 29 of the Trademark Act-1999 (hereinafter the Act) lays down the aspects of infringement of trademark. it elucidates that a when a person is using , in course of trade any mark, which is identical or deceptively similar to a registered mark and which he is not entitled or licensed to use shall be deemed to infringe onto the rights of the person who has the lawful right over the mark.*

*The Act does not give a specific description of passing off as a result it has been derived through judicial precedents drawn from common law. Put simply , passing off would occur when the mark is not only being used deceptively similar to the mark of another but it is being used to create confusion in the minds of the consumer that results in the damage or loss of business for the person or company who/which is the lawful owner of the trademark.*

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## 8.7 DILUTION OF TRADEMARKS

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Dilution of the goodwill/reputation attached to the business or trade is one form of damage, which can cause to the plaintiff in case of infringement or passing off.

Dilution is an injury that differs materially from that arising out of the orthodox confusion. Even in the absence of confusion, the potency of a mark may be debilitated by another's use. This is the essence of dilution. Confusion leads to immediate injury, while dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark.

### Forms of Dilution

The two basic form of dilution are “**Tarnishment**” and “**Blurring**”. “Blurring” typically refers to the “whittling away” of distinctiveness caused by the unauthorized use of a mark on dissimilar products; while “tarnishment” involves an unauthorized use of a mark which links it to products that are of poor quality or which are portrayed in an unwholesome or unsavory context that is likely to reflect adversely upon the owner's product.

### Other areas

Besides the above mentioned two important areas there are some other areas for which the passing off has extended. The passing off is also applicable in the case of internet domain name when the goodwill is attached to it and even in case of similarity in domain name where if the trinity test is fulfilled, and domain name was considered as or it functions as trademark and that is given equal protection.<sup>9</sup>

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## 8.8 CASE STUDY 3: V. VENUGOPAL v. USHODAYA ENTERPRISES<sup>10</sup>

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The Appellant is the sole proprietor of Ashika Incense, incorporated in Bangalore that manufactures incense sticks. The appellant has adopted the mark ‘Ashika's Eenadu’ for its incense sticks. The Respondent Company is Ushodaya enterprises who publish a newspaper in Telugu, ‘Eenadu’. The respondents alleged that the use of the word “Eenadu” by the Appellant amounted to infringement of their

<sup>9</sup> *Yahoo Inc. v. Akash Arora* 1999 PTC 20 (Del)

<sup>10</sup> Prakruthip at spicyip.com

copyright and passing-off in the trademark. The present case reached the Andhra Pradesh High Court after an appeal from the judgement of the City Civil Judge. Subsequently it was decided by a Single judge and later by a Division Bench of the Andhra Pradesh High Court. The Appellant appealed to the Supreme Court against the judgment of the Division Bench.

### Judgment

After extensive and extremely lengthy arguments by counsel on both sides, the Court ruled in favour of Ushodaya Enterprises, the Respondents. The Court noted that the respondent's mark "Eenadu" had "acquired extraordinary reputation and goodwill in the State of Andhra Pradesh". It said that the Appellant was clearly attempting to utilise the reputation and goodwill of the Respondents. The court reasoned that allowing the Appellant to use the mark would create confusion in the minds of the consumers, leading the consumers to think that the incense sticks were manufactured by the Respondent's company. The Court said that permitting the Appellant to use the trademark would lead to the erosion of the extra-ordinary reputation and goodwill acquired by the Respondent.

As can be clearly seen from the judgment, the Court has clearly ruled on the basis of dilution of the trademark "Eenadu" registered to the respondent. A trademark is diluted when its uniqueness is lost owing to its unauthorised use in relation to products that are not identical or similar to the product of the trademark owner. In this context it must be noted that dilution was not pleaded by the respondent in the first place. Dilution was incorporated (which was previously dominated the likelihood of confusion test) into the Trademark Act, 1999 via Sections 11(4) and 29(4). The present case is clearly under the Trademark Act 1958 as the 1999 Act came into force with effect from 2003. This was also contended by the Respondents.

Dilution of trademark essentially happens in relation to an extremely well known mark. In relation to lesser known yet identifiable brands, the test of likelihood of confusion applies. The Court repeatedly makes specific references to the reputation and the goodwill of the brand in the State of Andhra Pradesh. It is thus pretty clear that the brand is not very well known outside the State of Andhra Pradesh.

The Trial Court had previously granted an injunction against the use of the trademark only in the State of Andhra Pradesh. This could have been the right approach considering that very few people in Karnataka or other states would associate Eenadu with the Eenadu regional newspaper in Andhra Pradesh. The television network run by the Respondent in Karnataka is widely known as ETV Kannada and not Eenadu.

On a slightly unrelated note, the Appellant was clearly out to make some easy money using Eenadu's reputation in Andhra Pradesh. Eenadu in Kannada as claimed by the appellant means 'this land' in Kannada, which is true. And the incense sticks are called "Aashika'a Eenadu" incense sticks. It does not make grammatical sense. It should read "Aashika's eenadina agarbatti" or "Eenadina Aashika agarbatti".

**Self Assessment Question**

**(Spend 3 minutes)**

3) So, does this essentially mean that there will be the application of dilution in relation to trademarks that are well known in a particular region?

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**8.9 CASE STUDY 4: GORBATSCHOW WODKA KG v. JOHN DISTILLERIES LIMITED<sup>11</sup>**

**Facts**

The plaintiff which owned one of the top fifteen premium Vodka brands in the world – “Gorbatschow Wodka”, marketed it in a bottle which was quite distinctive in shape. The shape was registered in various jurisdictions. In India, claiming use since December, 1999, the plaintiff applied for registration in January 2008 under Class 33 of the Trademarks Act, 1999. The application is still pending.

The defendant was set to launch its Vodka under the trademark “Salute”. According to plaintiff, the shape of the bottle of the defendant was deceptively similar to that of plaintiff. The Court initially granted (ex-parte) ad interim relief subjected to the condition that defendants could market and sell its goods under the trademark “Salute” in a bottle of different shape and packaging. In the instant judgment, the Court considered the merit of rival submissions of the defendant.

**Arguments of defendant**

The defendant contended that its bottles of Vodka - coupled with a distinctive trademark “Salute” and a differently coloured, distinctive label could not be confused by the general public with the bottles of the plaintiff. The product of the plaintiff was a premium Indian Manufactured Foreign Liquor (IMFL) sold at a price band of Rs.650/ to Rs.750/ per 750 ml bottle. The target consumer was, according to the defendant, highly educated, rich and discerning. It was unlike a situation where a product would be purchased by a consumer of average intelligence and imperfect recollection. Therefore, the test of passing off had to be differentially applied. The design of defendant which was registered in 2008 under the Designs Act, 2000, was granted after an extensive search for similar designs..As the registration of the design was prior to the first use of the plaintiff in India, the duty casted upon the defendant to make a reasonable enquiry was duly discharged. Further, relying *inter alia* on non-registration of goodwill, defendant argued that the goodwill of the plaintiff could not be ascertained at the interlocutory stage.

<sup>11</sup> Mathews P George : spicityip.com

### Arguments of plaintiff

The plaintiff asserted that the shape of its Vodka bottles was distinctive and formed an intrinsic part of its goodwill and reputation. It was contended that the conduct of the defendant would result in dilution of a) distinctive shape of plaintiff's vodka bottles and b) goodwill and reputation in relation to the distinctive shape of the bottle and therefore, constituted passing off. If the defendant succeeded in launching the product, it would confuse the consumers. Further, registration under the Designs Act, 2000 was not a defence to an action for passing off. Therefore, the plaintiff sought for an injunction restraining the defendant from using the objectionable bottle and / or any other shape identical/ deceptively similar to the plaintiff's mark.

### Judgment

The Court held that the plaintiff *prima facie* established its trans border reputation as well as reputation in Indian market. The Court noted that the plaintiff adopted the instant shape capriciously, purely to give the article a distinctive appearance. It did not have a functional character. The shape of plaintiff's bottle was based on the architecture of Russian Orthodox Church - a bulbous structure. The shape of defendant's bottle relied primarily on the same bulbous structure. The defendant could not give a *bona fide* explanation for adopting the impugned shape for its bottle.

If the defendant was allowed to dilute the distinctiveness and exclusivity of the mark of the plaintiff, it would embolden other infringers to invade upon the proprietary right of the plaintiff. The Court categorically blunted the argument of the defendant that the consumers of Vodka being affluent and educated were less likely to be deceived. The Court drew the fallacy of the assumption underlying that argument viz., while those who were educated or affluent had the ability to discern, consumers who did not belong to the aforesaid category were more likely to be deceived. Stretched to its logical conclusion, the submission of the defendant would lead to a situation where the remedy of passing off would become available only in respect of goods which the average consumer purchased for the daily necessities of life. If that argument was accepted, that would render the remedy of passing off illusory. The class of purchasers was undoubtedly a relevant consideration. But all other relevant circumstances should also be weighed. Further, even if one proceeded on the argument of the defendant, it *per se* did not dispose the issue of whether the conduct of the defendant amounted to passing off or not. Further, the fact that defendant had obtained registration under the Designs Act, 2000 did not impinge the right of plaintiff to move an action for passing off.

For the reasons above, it was held that the plaintiff made out a strong *prima facie* case for the grant of injunction. The balance of convenience weighed in favour of the plaintiff which had an established reputation. If the defendant was allowed to launch its product, it would cause irreparable injury to the established goodwill and reputation of the plaintiff. Accepting the arguments of the plaintiff, the Court restrained the defendant from using the objectionable bottle and / or any other shape identical / deceptively similar to the plaintiff's mark in relation to its products/business in any manner whatsoever.

**Self Assessment Question**

**(Spend 3 minutes)**

4) List out the key understandings from the above mentioned case.

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**8.10 CASE STUDY 5: TOYOTA v. DEEPAK MANGAL<sup>12</sup>**

In a recent decision of the Delhi High Court, available here, the Japanese automobile magnet Toyota suffered a setback, when the petition that it had filed seeking exclusive rights over the trademark “PRIUS” for its hybrid cars was dismissed by the court. The matter, titled *Toyota Jidosha Kabushiki Kaisha v. Deepak Mangal & Others*.<sup>13</sup>

The petitioner had sought to prevent the defendants from using the trademark/trading style TOYOTA, the Toyota device, INNOVA and PRIUS regarding automobile parts and accessories or any other related goods or to perform a passing-off action with respect to the defendant’s goods in the name of the petitioner.

This suit was actually based on a two-fold cause of action. The first was regarding the infringement of the 3 registered trademarks of the petitioner by the defendants, viz. TOYOTA, the Toyota device and INNOVA. The second was with respect of the defendants seeking to pass off the trademark PRIUS as their own. The petitioner had claimed to be the prior user of that trademark, although it had not been registered before in India in the petitioner’s name.

According to the petitioner, in 1994, it had designed a concept vehicle with a hybrid engine, named it “PRIUS” after the Latin word “prior” or “before”. The first model was sold in December, 1997 in Japan and the vehicle was officially launched in 2001. Petitioner has also been the registered proprietor of the trademark PRIUS in as many as 28 countries from 1990 onwards. In order to back its position, the petitioner put on record the sales figures of the car in foreign counties as well as extensive advertisements of the vehicle both in national and international publications. Newspaper reports and other online media coverage of the petitioner’s promotion of the PRIUS brand had also been cited along with. The defendants, on the other hand, were alleged to have been using the same mark as an essential and leading portion of their trading name and the same appears on the defendants’ products. Nor have the defendants sought any

<sup>12</sup> Shouvik guha at spicyip.com

<sup>13</sup> comprised of I.A.Nos.16776/2009, 110/2010, 1156/2010 & CrI.M.A.No.1032/2010 in CS (OS) No.2490/2009 and the judgement was delivered on March 19, 2010 by Indermeet Kaur, J.

authorization from the petitioner for such use and hence such action on the defendants' part allegedly amounted to passing off and dilution of the plaintiff's trademark, thereby adversely affecting the plaintiff's goodwill.

Given the wide media coverage that the vehicle and the petitioner's actions to promote the same along with the new hybrid system received even in prominent Indian newspapers and automotive journals, the petitioner contended that it was not possible to believe that the defendants were unaware of the prior usage of the mark PRIUS and the petitioner company's association with the same and that their subsequent efforts to use the mark had not been aimed to pass off the petitioner company's huge goodwill and brand value as their own.

In this context, the petitioner relied upon the decision of the Supreme Court in *N.R. Dongre v. Whirlpool Corporation*<sup>14</sup>. The relevant part of the judgement that had been cited is as follows:

"The concept and principle on which passing off action is grounded is that a man is not to sell his own goods under the pretence that they are the goods of another man. A trader needs protection of his right of prior user of a Trademark as the benefit of the name and reputation earned by him cannot be taken advantage of by another trader by copying the mark and getting it registered before he could get the same registered in his favour. We see no reason why a registered owner of a Trademark should be allowed to deceive purchasers into the belief that they are getting the goods of another while they would be buying the goods of the former which they never intended to do. In an action for passing off it should not matter whether misrepresentation or deception has proceeded from a registered or an unregistered user of a trademark. He cannot represent his own goods as the goods of somebody else."

According to the petitioner, as per this judgment, although the defendants might have registered the trademark PRIUS under their names, but the same did not constitute a defence for their action seeking to pass-off the petitioner's goods as their own. To substantiate this allegation, the decision in *Jolen Inc. v. Doctor and Company*<sup>15</sup> was also cited.

The petitioner also referred to *Pfizer Ireland Pharmaceuticals v. Intas Pharmaceuticals and Anr.*<sup>16</sup> to support the submission that the worldwide reputation of the trademark PRIUS has been established by his sale turnover. Regarding the defendants' plea of the plaintiff not having any presence/business in India when the defendant had adopted the mark, it was contended that the plaintiff was naturally affected when it sought to establish such business in India and found the defendant to be trespassing, as was the case in Ford Motor Company of *Canada Limited & Anr. v. Ford Services Centre*<sup>17</sup>, where plaintiff was found entitled to the interim relief.

The defendants pleaded that the petitioner has delayed for long before approaching the court, in response to which, the latter cited the case of *Daimler Benz Aktiengesellschaft and Anr. v Hybo Hindustan*<sup>18</sup> to contend that the delay in

<sup>14</sup> [(1996) 5 SCC 714]

<sup>15</sup> [(2002)2 C.T.M.R. 6]

<sup>16</sup> [2004(28) PTC 456(Del)]

<sup>17</sup> [MANU/DE/1774/2008]

<sup>18</sup> [AIR 1994 Delhi 239]

approaching the Court could not justify the use of the trademark which was a worldwide famous name. The petitioner had further drawn the court's attention to the packaging of the defendants' products, showing use of the trademark TOYOTA, the toyota device, INNOVA and PRIUS along with the invoices, brochures and price list. It had further been submitted that the extensive use of the said marks on these documents of the defendant prima facie evidence his malafide intent; i.e. of the infringement of the petitioner's trademarks and passing off his goods to the innocent purchaser as that of his own. The defendants pleaded that such use for the purpose of character identification of goods, which was categorically denied by the petitioner.

Defendants in this case had put up a defence of delay, waiver and acquiescence on the part of the petitioner. According to them, the petitioner had neither applied for registration of the trademark PRIUS itself nor objected to the defendants' registration of the same in 2002. By allowing use of said mark by defendants for such a long time from 2002 to 2009, the petitioner was alleged to have given up all claims, if any, on that mark. Defendants further submitted that certain advertisements, as produced by the defendants in evidence clearly exhibit that the defendant is the supplier of garnish covers and auto accessories for various vehicles including that of the Toyota group. The usage of marks 'toyota device' had only thus been for the purpose of the identification of the item and its suitability to the wide range of vehicles mentioned thereunder and not with the intent to deceive the purchaser or to confuse him into believing that defendants had been selling auto accessories of 'TOYOTA'. In fact, petitioner itself had relied on the same published advertisements.

Nor had the petitioner provided any explanation regarding the delay that it indulged into before bringing the matter to court, which indicated acquiescence of defendants' claim by the petitioner, if not a waiver of rights. In this context, reliance had been placed on the cases *Amritdhara Pharmacy v. Satyadeo Gupta*<sup>19</sup> and *Khoday Distilleries Limited (Now known as Khoday India Limited) v. The Scotch Whisky Association and Ors*<sup>20</sup>. Where delay in filing application alleging infringement had been held as fatal to the accusation.

"PRIUS" being contained in the English dictionaries, it was argued that petitioner could not claim a monopoly over the word, which was not an invented one and Sections 30(1)(b), (2)(d) and Section 35 of the Trademark Act were relied upon to argue that 'Toyota', 'toyota device' and 'INNOVA' had been used by the defendants only to demonstrate the compatibility of the auto accessories in the use of these vehicles, along with several others. For this, defendants had relied upon *Hawkins Cooker Ltd v. M/s Murugan Enterprises*<sup>21</sup>.

Petitioner, in return argued that mere existence of the aforesaid advertisements on the defendants' part did not necessarily imply that petitioner had prior knowledge of the infringement. A distinction was sought to be drawn between constructive knowledge and actual knowledge in this context and the cases of *Automatic Electric Limited v. R.K. Dhawan & Anr.*<sup>22</sup> and *M/s Hidesign v. M/s Hidesign Creations*<sup>23</sup> were cited in support. It was further contended that the

<sup>19</sup> [AIR 1963 SC 449]

<sup>20</sup> [AIR 2008 SC 2737]

<sup>21</sup> [2008(36) PTC 290(Del)].

<sup>22</sup> [1999 PTC (19) 81]

<sup>23</sup> AIR 1991 Delhi 243

cumulative sales figure of the defendants during this 7 year-delay consisted of a miniscule figure only and hence could not be regarded as proceeds from a well-established business. To establish the legality of the petitioner having proprietary word PRIUS and to quash the defendants objections regarding the same, the matters of *Ciba Ltd. Basle Switzerland v. M. Ramalingam and S. Subramaniam Trading* in the name of Sought Indian Manufacturing Co., Madura and Another<sup>24</sup>, *Altiebolaget Volvo v. Volvo Steels Limited*<sup>25</sup> *Satyam Infoway Ltd. v. Siffynet Solutions (P) Ltd.*<sup>26</sup> were relied upon. To drive home defendants' dishonest usage of the marks from the beginning, the petitioner cited the cases of *L.D. Malhotra Industries v. Ropi Industries*<sup>27</sup> and *Beiersdorf A.G. v. Ajay Sukhwani and Another*<sup>28</sup>.

The petitioner also contended that high safety measures adopted by the petitioner compared to the defendant also needed to be borne in mind and the purchaser could not be exposed willingly to a risk given the nature of the goods involved, viz. automobile parts.

The court held that the journals publicizing petitioner's usage of PRIUS were not easily available to the common Indian public. Even the Indian magazine publications relied upon by the petitioner had been irregular at best. It had only been in 2009 that the Auto Indian Magazines had published detailed information on the Toyota vehicle. The court referred to the case of *Gillette Company v. A.K. Stationery*<sup>29</sup>. In that matter, judiciary had recognized the principle of a trans-border reputation and the spill over of its international reputation from foreign lands to the Indian boundaries. It had been held that its application would depend on case-to-case basis. In the present case, the court believed that there was not sufficient material on record to hold that an Indian purchaser of chrome plated auto accessories had become aware Toyota's association with the PRIUS mark. The case of *Sakalain Meghjee v. B.M. House (India) Ltd*<sup>30</sup>. was also referred to in this relation.

On the other hand, the registration of the mark by the defendants in 2001 and the subsequent sales figures indicated that the exclusive use of the said mark by them as per Section 28(2) of the Trademarks Act and continuing business regarding the same. The court refused to accept the petitioner's argument of it having only a constructive knowledge of the defendants' usage of the mark. The defendants' reliance on the Amritdhara Case and the Khode distilleries case was also approved of.

The court opined that acquiescence was one facet of delay and if the petitioner had stood by knowingly and let the defendants build up an important trade until it had become necessary to crush it, then the petitioner would be stopped by his acquiescence. Thus if the acquiescence in the infringement amounted to consent, it would be a complete defence and the acquiescence must be such as to lead to the inference of a license sufficient to create a new right in the defendant. The

<sup>24</sup> [AIR 1958 Bombay 56 (V 25 C 21 )]

<sup>25</sup> [1998 PTC (18) (DB)],

<sup>26</sup> [(2004) 6 SCC 145]

<sup>27</sup> [ILR 1976 Delhi 278]

<sup>28</sup> [2009 (39) PTC 38 (Del.)]

<sup>29</sup> 2001 PTC 573 (Del)].

<sup>30</sup> [2002 (24) PTC 207 (Del)]

court in this context also referred to cases such as *Ramdev Food Products(P) Ltd. v. Arvindbhai Rambhai Patel and Ors*<sup>31</sup> and other legal authorities like Halsbury's Laws of England, Fourth Edition, Vol. 16, paragraph 1505 to emphasize this point.

The court then went on to say that petitioner's delay in filing the case by 7 years without having a reasonable explanation allowed the defendant to establish a substantial business and at that point, such delay might be prejudicial to the petitioner being granted any relief. Reference was made to cases such as *Allied Blenders and Distillers P. Ltd. v. Paul P. John and Ors*.<sup>32</sup> and *Procter & Gamble Company v. Satish Patel and Ors*<sup>33</sup>. and also *Standard Electricals Limited v. Rocket Electricals and Anr.*<sup>34</sup>. The court also dubbed the petitioner's submission of it having learnt about the defendant only in 2009 on a stray web search as patently false and chastised the petitioner for not having disclosed to the court the date of registration of the mark by the defendants as far back as March, 2002. Had it done so, then that would have been taken into consideration before the court had granted interim relief to the petitioner. Mention was made of Old Navy (ITM) Inc. and Ors., GAP (ITM) Inc. and Ors. and Banana Republic (Itm) Inc. and Ors.<sup>35</sup> wherein it was held that non-disclosure of material facts would work to the prejudice of such a non-disclosing party disentitling him to a relief in equity.

The status of PRIUS as not being an invented word was also established and the defendants were held to be honest user of the same. The court also took note of the dissimilarity between the trade dress of the petitioner and the defendants, including the packaging, shape of material, all visual impressions and their getup including its colour scheme, description of the words i.e. their font, size and alphabetical array etc. as also the variation in price. Moreover, according to the court, the purchaser of those auto accessories being usually one from a high income group, he was likely to be an educated person aware of the identity of the seller who was unlikely to mistake the defendant for the petitioner. The defendant on the use of the registered marks Toyota, the toyota device and the INNOVA was held to be protected under the saving clause of Section 30 of the Trademarks Act, which protects a honest user of a registered Trademark for the purpose of identification of the goods. Mention was also made of the European Court decision in *Gillette Company v. L.A. Laboratory*<sup>36</sup> in this context. In that case, the conditions of an honest use within the meaning of Article 1(1)(c) of the Directive 89/104 was held to be in substance the expression of a duty to act fairly in relation to the legitimate interests of the Trademark owner. The use is dishonest only if: "It is done in such a manner as to give the impression that there is a commercial connection between the third party and the Trademark owner; ii. It affects the value of the Trademark by taking unfair advantage of its distinctive character or repute; iii. It entails the discrediting or denigration of that mark."

The petitioner had failed to establish such dishonest use by the defendant, who in turn had proven that his use of the mark PRIUS was in accordance with the

<sup>31</sup> 2006 (33) PTC 281

<sup>32</sup> [2008 (38) PTC 568 (Del)]

<sup>33</sup> [1997 (1) ARBLR 158 (Del)]

<sup>34</sup> [2004 (72) DRJ 794]

<sup>35</sup> [2007(99) DRJ 571],

<sup>36</sup> [2005(37) FSR 808]

honest practices in industrial and commercial matters. Since he had not been taking any unfair advantage and his use was not detrimental to the distinctive character or the repute of such a trademark, therefore it did not amount to an infringement/passing off. As per Section 29 of the Trademark Act, the onus to prove that the mark of the petitioner had been infringed lied upon the plaintiff and so did the responsibility of proving that the alleged infringement fell beyond the purview of the exceptions laid down in Section 30. The court also accepted defendant's argument under Section 30(2)(d) of the use of the other marks like TOYOTA, toyota device and INNOVA as reasonably necessary to indicate that the goods are adaptable and suited to the vehicles mentioned therein.

The balance of convenience also lied in favour of the defendant, since if after business growth of more than seven years the defendant is prevented from using his trade name, he would suffer huge business loss and his legitimate financial expectations would be harmed irreparably. On the other hand, given that petitioner had not even launched the vehicle PRIUS on the Indian roads, no similar injury would be suffered by him if defendant was allowed to continue the usage.

Thus, given the aforesaid reasoning, the court dismissed the petitioner's allegations of trademark infringement against the defendants.

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## 8.11 SUMMARY

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- The Interpretation of the courts on the concept of Goodwill, Passing off & dilution with respect to Trademarks provides a lot of Interesting conclusions.
- The concept and principle on which passing off action is fundamentally based on the principle that it is illegal for anyone to sell his own goods under the pretence that they are the goods of another legitimate owner. A trader needs protection of his right of prior user of a trademark as the benefit of the name and reputation and Goodwill earned by him cannot be taken advantage of by another trader by copying the mark and getting it registered before he could get the same registered in his favour. In an action for passing off if should not matter whether misrepresentation or deception has proceeded from a registered or an unregistered user of a trademark. He cannot represent his own goods as the goods of somebody else.

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## 8.12 TERMINAL QUESTIONS

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- 1) Explain the concept of Goodwill the role of Trademarks in protecting the Goodwill.
- 2) What is dilution of Trademarks? Give examples
- 3) What is Passing off? Explain in detail

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## 8.13 ANSWERS AND HINTS

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### Self Assessment Questions

- 1) For eg : Coke is a famous brand. Identify its trademark
- 2) Read Section 8.5

3) Read Section 8.8

4) Read Section 8.9

**Terminal Questions**

1) Read Section 8.1, 8.3 & 8.4

2) Read Section 8.7

3) Read Section 8.5

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**8.14 REFERENCES AND SUGGESTED READINGS**

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1) Communication to Thing: Historical Aspects to the Conceptualization of Trademarks as Property”, Prof. Lionel Bently, University of Iowa Legal Studies Research Paper, Number 2007/31.

2) MaCarthy on ‘Trademarks and Unfair Competition’, 4<sup>th</sup> Edition.

3) Bentley & Sherman on ‘Intellectual Property Law’, 3<sup>rd</sup> Edition.

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# NOTES

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