CHAPTER-II
TRADEMARKS CONCEPTUAL ANALYSIS

1. Introduction

Every intelligent consumer purchases his goods or hires services from the commercial market only when he is satisfied that the goods or services are of good quality and reputation. The manufacturer or supplier of goods makes it sure that although the goods produced by him are similar to those manufactured by others, their distinguishing marks are different. This is with a view to identifying the manufacturer, brand and quality of the goods or services produced by a particular maker or company. It is in this context that ‘trademarks’ play a very important role in the modern commercial market. The importance of trademarks was recognized only after the industrial revolution which enabled large scale production and distribution of goods and publicity through the printing media. Therefore trademark is essentially a product of competitive economy where more than one person competed for the manufacture of the same product which necessitated the marking of each manufacturer’s goods by a symbol which distinguished similar goods made by other.

The concept of property arising out of trademarks was first recognized at Common Law before it was the subject matter of any enactment. The use of distinctive mark on goods which the manufacturers have made is an ancient trade practice, but the recognition of the same in law as a species of incorporeal property was first done by Lord Cotenhan1.

The object of trademark law is to prevent an injury to the goodwill and reputation of the enterprise which owns the trademarks; as well as ensuring that consumers are not misled as to the product, services or their sources. Marks help buyers to identify their source, and assure them the constancy of

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1 Millington vs. Fox,40 ER 956
quality from a particular producer. The essence of a trade marks has always been that it is a “badge of origin.”

2. Objective of Trademark Law

A trademark law ensures that the brand information received by the consumers is accurate. In fact, the trademark law reduces the losses caused by deceit and thus, protects the consumers from the impending danger of cheap and counterfeit goods or services. The U.S. Supreme Court broadly laid out the objectives of trademark law in the following words:

"Trademark law, by preventing others from copying a source-identifying mark, 'reduce[s] the customer's costs of shopping and making purchasing decisions,' for it quickly and easily assures a potential customer that...the item with this mark. . .is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product."

3. Evolution of Trademark Law

The origin of trademarks can be traced to the origin of commerce in different civilizations. The archaeologists have excavated artifacts from places, like ancient Egypt, with various symbols carved thereon for religious and superstitious reasons. "Potters marks" appeared in relics left from the Greek and Roman periods and were used to identify the maker (potter) of a particular vessel. Though certain symbols were used on goods in ancient Rome and other Mediterranean countries, yet a trademark system based on proprietary rights didn't exist. There are records suggesting that even Indian

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2 Mattel, Inc. vs Jayant Agarwal, 2009(2) R.A.J. 590(Del)
craftsmen used to engrave their signatures on their artistic creations before sending them to Iran as long as 3,000 years ago.

There is some controversy as to which is the oldest trademark in the world that is in continuous use. The contenders include 'Lowenbrau' (since 1383), 'Stella Artois' (1366), 'Wielicka' salt (1241) 'Weihenstephaner' Beer (1040t and 'Weltenburger Kloster Barock Dunkel' Beer (1050). But it is fairly well settled that the oldest continuously used U.K. trademark is the red triangle logo of Bass Brewery, registered in 1875.4

It was not until the industrial revolution that the world really woke up to the concept of trademarks as a proprietary right that commands a legal protection. The major industrialised nations, like England, France, Germany, Japan and the U.S.A. saw rapid development in the evolution of trademark law during this period. Essentially, trademark law is an offshoot of the competitive economy that became prevalent during industrial revolution, under which more than one person competed for the manufacture of the same product. This necessitated a system of separate marking for goods by a symbol, which distinguished similar goods made by others.

In the early days of manufacturing units, the manufacturer himself used to indulge in all the activities culminating into the sale of goods. However, with market dynamics getting complex by the day, the concept of marketing evolved as a separate discipline. Thus, the original concept of a trademark indicating a source of manufacture was extended to include any connection in the course of trade. Extensive advertisement and use of the trademark generated immense goodwill to the owner of that mark. As a result, the competitors started indulging in copying well-known trademarks and passing-off their goods as those of the owners of trademark. This necessitated the development of a system whereby, the goodwill and reputation of a trademark is protected - an elaborate legal discipline of Trademark Law.

Prior to the development of a separate legislation dealing with trademarks, the only remedy available to the trademark holder was to institute

a suit for passing-off against the infringer. To successfully prove his claim, the trademark holder has to prove the use and reputation associated with the trademark, which is quite a cumbersome procedure. This necessitated the evolution of statutory recognition to the ownership of trademarks, whereby the rights and duties of the owner of trademark are clearly laid out and given legal protection. India gave statutory protection to the owners of trademarks through The Trade and Merchandise Marks Act, 1958 supported by The Trade and Merchandise Marks Rules, 1959. The 1958 Act was repealed by The Trade Marks Act, 1992 supported by The Trade Mark Rules, 2002.

3. Meaning and Definition of Trademark
   A ‘trade mark’ means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours. Trademark is a visual symbol that uniquely identifies and distinguishes the goods and / or services of one enterprise from the other. For example, “Pepsi”, “McDonalds”, “Mercedes”, etc. The term "visual symbol" encompasses a wide array of things, or the combinations thereof, like: - Words (existing or devised)
   - Devices
   - Brands
   - Containers
   - Shape of goods
   - Packaging
   - Labels and Tickets
   - Arbitrary or fanciful designations
   - Letters
   - Pictures
   - Symbols
   - Slogans
• Numbers and their combinations
• Arrangement of colours, etc.

In addition to above now the sound and smell have also been recognized as trademarks in some part of the world. So, basically a trademark is any sign that individualises the goods of a given enterprise and distinguishes them from the goods of its competitors.\(^5\)

Section 2(1)(zb) read with Section 2(1)(m) of The Trade Marks Act, 1999 (hereinafter, referred to as "Act") brings out an exhaustive definition of a trademark. A valid trademark must have the following characteristic features in order to be accorded legal protection:

1. It can be a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging, or combination of colours or any combination thereof.\(^6\)
2. It should be capable of graphical representation.
3. It should be capable of distinguishing the goods or services of one legal entity from those of others.
4. It must be used for the purpose of indicating a connection in the course of trade between the goods or services and some persons having the right of its use as a proprietor.
5. Its proprietorship can either be acquired by use in relation to particular goods or services, or by registration under the Act. The former proprietorship is a Common Law right, which is attached to the goodwill of the business concerned; while the latter is a statutory right, which requires mere intention to use the mark and the actual use is not paramount.

Often, some other terms are also used in relation to trademark. These are briefly discussed below:

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\(^6\) Section 2(1)(m), The Trade Marks Act, 1999
(i) **Service Mark.** A "Service Mark" is akin to trademark; the only difference being the fact that in relation to goods, the term "trademark" is used, and in relation to a service, the term "service mark" is used. In effect, a service mark distinguishes the service rendered by one legal entity from that of others. Section 2(1)(z) of the Act defines "service" as the service of any description, which includes 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.

(ii) **Certification Trademark.** Certification trademark indicates to the consumers that specific goods or services meet a particular standard, in terms of quality, ingredients, geographical origin and suitability. Section 2(1)(e) of the Act defines "certification trademark" as a mark capable of distinguishing the goods or services in connection with 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 manufacture of goods or performance of services, quality, or accuracy. Generally, certification trademarks are the result of follow-up agreements between manufacturers or service providers, and nationally or internationally accredited testing and certification organisations. For instance, The Bureau of Indian Standards (BIS) is the national standards body of India that certifies goods to be of certain standards (commonly known as the "ISI" Mark).

(iii) **Collective Trademark.** A collective trademark or collective service mark is a mark adopted by a "collective", i.e., an association, union, cooperative, or other organised collective group, for use only by its members, who in turn, use the mark to identify their goods or services and distinguish them from those of non-members. Section 2(1)(g) of the Act defines "collective mark" as a trademark distinguishing the goods or services of members of an association of persons, which is the proprietor of the mark.
from those of the others. The association of persons excludes a partnership as defined under the Indian Partnership Act, 1932. The Act devotes a separate Chapter VIII that deals with the registration of Collective Marks.

(iv) **Well-Known Trademark.** A well-known trademark signifies a mark that is widely known to the pertinent general public and enjoys a relatively high reputation. Specific protection to well-known trademarks was first recommended by Article 6bis of The Paris Convention For The Protection of Industrial Property, 1883, which mandated the member countries to prohibit the use of a trademark that constitutes a reproduction, an imitation, or a translation liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well-known mark in that country as being already the mark of a person entitled to the benefits of the Convention and used for identical or similar goods.7 Section 2(1)(zg) of the Act defines a well-known trademark as a mark, which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first-mentioned goods or services. The Act also lays down some guidelines for the Registrar to determine the well-known trademarks. The underlying principle for according protection to well-known marks is to prevent traders taking free ride. They may tend to take advantage of the goodwill of the well-known trademark without doing efforts. Thus, the Registrar is obliged to take into consideration 'bad faith' while balancing the interests of the parties (both applicant and opponent) involved in the enforcement of the well-known trademark.8

4. **Nature of Protection Afforded by a Trademark**

A trademark owner has the exclusive right to:

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8 Section 11 (10)(ii)
1. Use the trademark to identify his goods or services;
2. Prevent others from using an identical or similar trademark for the identical or similar goods or services; and
3. Authorise others to use the trademark, by license or assignment, in return for payment.

5. Role of a Trademark

A trademark plays multiple roles in the modern day business, trade and commerce. Some of the pivotal roles played by a trademark include:

1. It helps the consumers identify and distinguish goods or services offered by different manufacturers or service providers.
2. It reassures the consumers about the quality of goods or services expected from buying trademarked goods or services.
3. It enables the manufacturers or service providers to differentiate between their goods or services.
4. It acts as an advertisement and a brand image and thus, enhances the goodwill of the manufacturer or service provider, giving it an edge for further expansion of business in newer markets.
5. It encourages the production of quality goods and rendering of quality services.
6. It encourages the manufacturers or service providers to invest in maintaining or improving the quality of their product or service.
7. It enables the authorities responsible for controlling the quality of goods sold under a particular trademark to do their job efficiently.
8. It provides useful economic and statistical information for government authorities, if the trademark is registered.  

6. Attributes of a Good Trademark

A trademark conveys the first impression of a product or service to a consumer.

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9 Ashish Mahajan, Trademarks, Industrial Designs And Copyright, 2002 4 SCJ (J)
Therefore, an added emphasis must be laid on the choice of trademark for the goods or services offered by the legal entity. Following are some of the attributes of a good trademark:

1. If the mark is a word, it should be short and catchy, and easy to remember, pronounce and spell correctly. It should not be generic or a common designation.
2. If the mark is a device, it should be capable of description by a single word.
3. Inventive words or original artistic devices are considered as the best trademarks.
4. It can be suggestive of the quality of goods, but should never be descriptive.
5. It should satisfy the requirements of registration, and should not belong to the class of marks prohibited for registration under the Act.

7. International Trademarks

Harmonisation of the protections afforded to intellectual property rights worldwide has been an elusive goal for intellectual property owners in this continually shrinking world of interdependent markets. However, through various treaties and mechanisms, a modicum of harmonisation of intellectual property rights has been achieved in certain areas, but much less so in others. Further harmonisation continues with at least some effect of giving intellectual property owners and users, a greater sense of security, control and certainty.¹⁰ As far as harmonisation of trademark law is concerned, there has never been a greater urgency for international cooperation through existing and new treaties and conventions to bring about not just radical harmonisation, but also greater cooperation among the States, although there are some international arrangements in place that need to be examined for a

better understanding of the working of existing international trademarks cooperation.

7.1 The Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to this Agreement

Concluded in 1891, and effective from 1892, The Madrid Agreement Concerning the International Registration of Marks was the first attempt for devising an international system for facilitating the registration of trademarks in multiple jurisdictions around the world. Commonly known as The Madrid Agreement or The Madrid System for the international registration of marks, it modifies the territorial application of trademark laws and permits the filing, registration and maintenance of trademark rights in more than one jurisdiction on a global basis. The Protocol Relating to the Madrid Agreement was adopted in 1989 and came into operation on April 1, 1996. This Protocol aimed at bringing some of the developed countries, like Japan, U.K., and the U.S.A., on the table by making the Agreement more acceptable to the countries that were earlier not part of it.

The Madrid System is administered by the World Intellectual Property Organization (WIPO) based in Geneva, Switzerland. As of January 15, 2011, there are 85 members comprising the Madrid Union of jurisdictions, which have become party to the Agreement or the Protocol or both.11

The salient features of the Madrid System are highlighted below:

1. 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 inter-governmental organisation, which is a party to the Protocol, or is a national of a member State of such an organisation.

2. 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 Office of origin.

3. An international application must designate one or more Contracting Parties (not the Contracting Party whose Office is the Office of origin) in which the mark is to be protected.

4. An international application may claim priority under Article 4 of the Paris Convention for the Protection of Industrial Property, 1883, whether from the application with the Office of origin or from a prior application with another Office, which need not be the Office of a party to the Agreement or Protocol.

5. 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 colour 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; 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.

6. 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 holder are informed of any irregularities, which 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.

7. An international registration is effective for 10 years. It may be renewed for further periods of 10 years on payment of the prescribed fees.

8. From the date of international registration, the protection of the mark in each of the countries of the designated Contracting Parties is the same as if the mark had been the subject of an application for registration filed directly with the Office of that Contracting Party. If no refusal is notified to the International Bureau within the relevant time limit, the protection of the mark in the country of each designated Contracting Party is the same as if it had been registered by the Office of that Contracting Party.

9. Each designated Contracting Party has the right to refuse protection. Any refusal must be notified to the International Bureau by the Office of the Contracting Party concerned within the time limits specified in the Agreement or Protocol. The 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 subsequent procedure, such as review or appeal, is carried out directly between the holder and the administration of the Contracting Party concerned, without any involvement on the part of the International Bureau. The Contracting Party concerned must, however, notify the International Bureau of the final decision taken in respect of such review or appeal. This decision is also recorded in the International Register and published in the Gazette.

10. The time limit for a Contracting Party to notify a refusal is generally 12 months. Under the Protocol, however, a Contracting Party may declare
that this period is to be 18 months or longer in the case of a refusal based on an opposition.

11. The Office of the designated Contracting Party has the possibility, under the Common Regulations, to issue a statement of grant of protection. The practical benefit resulting from such a statement of grant of protection is that the holder of the international registration does not have to wait for the expiry of the refusal period to know whether his / her mark is protected in the country concerned.

12. Instead of filing separately with the Trademark Offices of the various Contracting Parties in different languages, and paying a separate fee to each Office, the owner of the mark can just file one application in one language with one Office.

13. International registration is also to the advantage of Trademark Offices. For example, they do not need to examine for compliance with formal requirements, or classify the goods or services, or publish the marks.

14. One discernible disadvantage of the Madrid system is that any refusal, withdrawal or cancellation of the basic application or basic registration within five years of the registration date of the international registration will lead to the refusal, withdrawal or cancellation of the international registration to the same extent.\(^\text{12}\)

**7.2 Trademark Law Treaty**

Adopted on October 27, 1994, at a Diplomatic Conference in Geneva, and effective from August 1, 1996, the purpose of the Trademark Law Treaty is to simplify and harmonise the administrative procedures in respect of national applications and the protection of marks without dealing with the substantive parts of trademark law covering the registration of marks. The provisions of the Treaty are supplemented by the Regulations and Model International Forms.

The Trademark Law Treaty is also administered by the World Intellectual Property Organization (WIPO) based in Geneva, Switzerland. And as of February 9, 2011, there are 46 contracting parties to this treaty.\footnote{Source: \url{http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=5}. Last accessed on January 9, 2015}

The salient features of The Trademark Law Treaty are highlighted below:

1. The Treaty applies to marks for goods and services. Not all countries currently register service marks and an effect of accession by a country to the Treaty is, therefore, that the country will be obliged to register such marks.

2. The Treaty does not cover collective marks, certification marks and guarantee marks, since the registration of these marks normally requires the fulfilment of special varying conditions in different countries, which would make harmonisation particularly difficult. Holograms and non-visible signs, such as sound marks and olfactory marks, are also excluded from the scope of application, because they are not easily reproduced by graphic means and because only very few countries provide for the protection of these marks in their national law.

3. The Treaty allows a Contracting Party to require that the representative of an applicant or a holder be a representative admitted to practice before its Office, and that a person with neither a domicile nor a real and effective industrial or commercial establishment on its territory be so represented.

4. If registration of a trademark is refused in respect of certain goods or services, the Treaty provides that the applicant can divide the application in order to avoid any delay in obtaining registration for the trademark on the goods or services that have not been refused, and still keep the filing date of the initial application or the priority date, if any. At the same time, the applicant may proceed with an appeal regarding
the application concerning the goods or services, which have been refused.

5. The Treaty provides for duration of 10 years for the initial period of registration of the trademark with a possibility of renewal for further ten-year periods.

6. The Treaty contains no obligations for a Contracting Party to be a party to other international conventions. However, it provides in Article 15 that Contracting Parties must comply with the provisions in the Paris Convention for the Protection of Industrial Property, 1883, which concern marks.

7. The Treaty does not allow a requirement as to the attestation, notarisation, authentication, legalisation or certification of any signature, except in the case of the surrender of a registration.14

7.3 Community Trade Mark (CTM) System

The European Union (EU) has adopted Community Trade Mark (CTM) System, under which, the registration of a trademark with the "Office for Harmonisation in the Internal Market (Trade Marks and Designs)" (OHIM, the trademarks office of the European Union) results in the registration that is effective throughout the EU as a whole. It is a regional arrangement that has its roots in a draft of "Convention on European Trademark Law" of 1964. However, the CTM System was first formally proposed only in 1980.

The salient features of CTM System are highlighted below:

1. The CTM system consists of one single registration procedure, which grants to its owner an exclusive right in the 27 Member States15 of the EU.

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15 As of February 9,2011, ED has 27 member countries, which have transferred some of their sovereignty- or lawmaking authority - to the ED. Source: http://europa.eu/about-eu/member-countries/index_en.htm. Last accessed on February 9, 2015
2. A CTM has a unitary character. A CTM application and a CTM are valid in the ED as a whole. The application and the ensuing registration extend automatically to all 27 Member States of the ED indivisibly. It is not possible to limit the geographic scope of protection to certain Member States.

3. The CTM system leaves the national trademark systems of Member States (as far as Belgium, Luxembourg and the Netherlands are concerned, the Benelux Trade Mark system) unaffected. Business enterprises are free to file national trademark applications, a CTM application, or both.

4. CTM applications can be filed either directly at the ORIM or at any of the central industrial property offices (i.e., the national patent and trademark offices) of the 27 Member States of the Community or the Benelux Trade Mark Office. An application filed at a national office or the Benelux Trade Mark Office and forwarded to the ORIM within one month will receive a filing date as though it had been filed directly in Alicante, Spain, where ORIM is located.

5. Since the European Community's accession to the Madrid Protocol, it is now possible to either file an international application based on a CTM or to designate the European Community (Ec) in the international application.16

8. Registration of Trademarks

8.1 Registrable Trademarks

All trademark legislations enunciate the marks that can and cannot be registered. The definition of "trademark" under Section 2(1)(zb) of the Act clearly establishes the basic features that must be present in a mark in order to be qualified for registration under the Act. These are:

1. Capability of graphical representation; and

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2. Capability of distinguishing the goods or service of one legal entity from those of others.

In effect, The Trade Marks Act, 1999 lays down the principle that whatever is not prohibited from registration is registrable if it satisfies the above qualifications. For this purpose, the Act clearly lays down the grounds for refusal of registration of a mark as trademark.

8.2 Absolute Grounds for Refusal of Registration of Trademarks

Section 9 of the Act lays down the absolute grounds for refusal of registration of trademarks. Accordingly, unless the said mark has acquired a distinctive character as a result of use\textsuperscript{17} or is a well-known trademark before the date of application of registration, the following marks shall not be registered under the Act:

a) A mark, which is devoid of any distinctive character, i.e., the mark is not capable of distinguishing the goods or services of one legal entity from those of the others.

b) A mark, which indicates quality or other descriptive character of goods or services.

c) A mark, which has become customary in the current language or in the bona fide and established practices of the trade.

d) A mark, which is of such nature as to deceive the public or cause confusion.

e) A mark, which is likely to hurt the religious susceptibilities of any class or section of the citizens of India.

f) A mark, which contains scandalous or obscene matter.

g) A mark, the use of which is prohibited under the Emblems and Names (Prevention of Improper Use) Act, 1950.

\textsuperscript{17} The words 'SAFI' have direct relation to the character & quality of goods, but it has lost its primary meaning & acquired secondary or good-specific meaning of a particular manufacturer, and thus, registrable as a trademark [Registrar of Trademarks v. Hamdard National Foundation (India) AIR 1980 Del 180]
h) A mark, which is in the nature of shape of goods that are purely functional, or necessary to obtain a technical result, or which gives substantial value to the goods.

Besides, Section 13 of the Act also lays down the prohibition on the registration of names of chemical elements or international non-proprietary names.

8.3 Grounds for Refusal of Registration of Trademarks

Section 11 of the Act lays down the relative grounds for refusal of registration of trademarks. According to Section 11(1), unless the Registrar has allowed the registration of one trademark to two or more legal entities on account of honest concurrent use under Section 12, the mark, which is identical or similar to an earlier trademark, and the respective goods or services are also identical or similar, and is likely to cause confusion on the part of the public, shall not be registered under the Act. Such confusion may be the likelihood of association with the earlier trademark.

Section 11(2) lays down that a mark, which is identical or similar to an earlier trademark, but the goods or services are not similar, shall not be registered under the Act, if either of the following conditions satisfies:

a) The earlier trademark is a well-known trademark in India; or
b) The use of the applicant's mark without due cause would take unfair advantage of the earlier trademark; or

c) The use of the applicant's mark would be detrimental to the distinctive character or repute of the earlier trademark.

Section 11(3) further states that a mark shall not be registered if its use is liable to be prevented under the law of passing-off or the law of copyright.

For the relative grounds for refusal of registration to take effect, specific objection must be raised in the opposition proceedings by the proprietor of the earlier trademark.

Section 11 lays down the 'Effect Test' to ascertain the registrability of a mark. Accordingly, if the registration of a mark as trademark causes deception
to the public or results in confusion or hurts the religious susceptibilities of any class or section of the citizens or be scandalous or obscene, such a mark shall not be registered.\(^\text{18}\)

### 8.4 Explanation of Grounds for Refusal of Registration of Trademarks

1. A common word of dictionary or the name of a place cannot be registered unless it is shown that the common word or the name of a place has become distinctive of the goods or services in the minds of purchasing public.\(^\text{19}\)

2. In determining the capability to distinguish, the authority must take into consideration both inherent capability and factual capability to distinguish. Inherent capability may mean that irrespective of the peculiarities of the trade or the practice of other traders, the mark is shown to possess the capability of distinguishing the goods to which it is applied. For example, a mark having direct reference to the character or quality of the goods is considered as inherently not capable of distinguishing. However, Indian Trademark Registry takes the view that if the reference to the character or quality is only indirect or suggestive, the mark can be considered. The 'factual capability to distinguish' depends upon the facts and circumstances of each case. In each particular case, it becomes a subject of inquiry whether the mark, by virtue of its use or any other circumstance, is in fact, capable of distinguishing the goods.\(^\text{20}\)

3. If the mark includes the name, size, or type of goods or services, it shall not be registered.

This is based on the public policy of not affording registration to the generic description of goods, which are the only available method of

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\(^{18}\) Study Material of Indian Law Institute's Online Certificate Course "Intellectual Property Rights And Information Technology In The Internet Age", Trademarks, at 9

\(^{19}\) K. C. Kailasam and Ramu Vedaraman, Law of Trademarks and Geographical Indications, (2003) at 91

\(^{20}\) Study Material of Indian Law Institutes Online Certificate Course, at 10
description of goods. For instance, words like extra, small, big, liquid, solid etc. are not registrable.\textsuperscript{21}

4. While deciding on the similarity or identity of the mark, the whole word or mark needs to be considered, as opposed to a mere part of it.

5. "The approach to comparison should be from the point of view of a man of average intelligence and of imperfect recollection. Whether to such a man, the overall structure and phonetic similarity or similarity of the idea in the two marks is reasonably likely to cause confusion between them, is the test."\textsuperscript{22}

6. To determine the identity or similarity with the earlier mark, the Registrar needs to go through the search procedure before registration. The search is confined to a particular class in which registration is applied for. However, it should be carried on amongst the marks not only for identical goods but also for similar goods.\textsuperscript{23}

7. It is the likelihood of deception and not the actual deception, which is the deciding factor to allow registration of marks. "For deceptive resemblance, two important questions are: (i) who are the persons whom the resemblance must be likely to deceive or confuse, and (ii) what rules of comparison are to be adopted in judging whether such resemblance exists. As to confusion, it is perhaps an appropriate description of the state of mind of a customer who, on seeing a mark thinks that it differs from the mark on goods, which he has previously bought, but is doubtful whether that impression is not due to imperfect recollection ... the question has to be approached from the point of view of a man of average intelligence and imperfect recollection."\textsuperscript{24}

\textsuperscript{21} Id
\textsuperscript{22} Corn Products v Shangrila Food Products Ltd. AIR 1960 SC 142
\textsuperscript{23} Study Material of Indian Law Institutes Online Certificate Course, supra, note 10, at 14
\textsuperscript{24} Amritdhara Pharmacy v Satyadeo Gupta AIR 1963 SC 449
9. Fundamental Principles of Registration of Trademarks

The Act contains certain basic principles regarding the registration of trademarks, which are substantially similar to the principles contained in various International legislations and conventions.

1. Descriptive words, surnames and geographical names are not considered prima facie registrable because these marks may be required by other traders for bona fide trading or for useless purposes.\(^\text{25}\)

2. Registering of a trademark affects the interest of consumers as well as other traders. The consumer interest is protected by refusal to register the trademark that can mislead the public as to the origin of goods they are purchasing or services they are availing. The trader interest is protected by affording an opportunity to anyone opposed to the registration of a trademark before actual registration. Moreover, the proposed mark is checked whether it is similar or identical to a pre-existing trademark for similar goods or services.\(^\text{26}\)

3. To prevent hardship to any honest concurrent user of a mark already registered, the Registrar has the power to register one trademark in favour of two separate legal entities, subject to certain conditions and limitations.\(^\text{27}\)

4. Property rights in a mark acquired by use are considered superior to the rights obtained after registration. Therefore, prior users of trademarks should be protected against any monopoly created in favour of the registered users under the Act.\(^\text{28}\)

5. Registration of a trademark should not interfere with the bona fide use of own name or place of business, or bonafide description of the character or quality of goods.\(^\text{29}\)

\(^{25}\) Section 9  
\(^{26}\) Sections 11 and 21  
\(^{27}\) Section 12  
\(^{28}\) Section 34  
\(^{29}\) Section 35
6. Trademark signifies a proprietary right, and therefore, it should be assignable and transmissible, irrespective of it being registered or unregistered. However, since trademark is a special kind of right, it is prudent to impose certain restrictions and conditions on its assignment or transmission.\(^{30}\)

7. There is a prescribed duration of trademark, after the expiry of which, it must be renewed for availing protection under the Act. However, if the mark remains unused for a substantial period of time, it is prudent to discontinue its statutory protection.\(^{31}\)

### 10. Infringement of Trademarks

Once a mark is registered under the Act, it gives the proprietor an exclusive right to use the trademark in relation to the goods or services in respect of which it is registered. It also gives the proprietor a right to obtain relief in the form of injunction, damages, or any other legal relief against the infringer of this right.\(^{32}\) However, this right will be subject to any conditions and limitations imposed by the Act.\(^{33}\) Mere registration on the part of plaintiff is enough to give him the right to sue; unlike in cases of passing-off wherein the plaintiff has to prove that he is user of the mark, which has become distinctive of his goods or services.

#### 10.1 When a Registered Trademark is infringed?

Section 29 of the Act broadly lays down the instances when a registered trademark is said to have been infringed. These are:

1. When a person, not being a registered proprietor or permitted user, uses in the course of trade, a mark, which is identical with or deceptively

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\(^{30}\) Sections 40-45

\(^{31}\) Section 47. Section 25 lays down the duration of a registered trademark as 10 years, renewable from time-to-time

\(^{32}\) Section 28(1)

\(^{33}\) Section 28(2)
similar to the registered trademark, in relation to goods or services in respect of which the trademark is registered.\textsuperscript{34}

2. When a person, not being a registered proprietor or permitted user, uses in the course of trade, a mark with following features, which is likely to cause confusion on the part of the public or which is likely to have an association with registered trademark:
   a) Identical to the registered trademark, and similar to goods or services covered by the registered trademark;
   b) Similar to the registered trademark, and similar or identical to goods or services covered by the registered trademark;
   c) Identical to registered trademark and identical to goods or services covered by registered trademark.\textsuperscript{35}

3. When a person, not being a registered proprietor or permitted user, uses in the course of trade, a mark which:
   a) is identical or similar to the registered trademark; and
   b) is used in relation to the goods or services which are not similar to those for which the trademark is registered; and
   c) the registered trademark has a reputation in India; and
   d) the use of the mark without due cause takes unfair advantage of or is detrimental to the distinctive character or repute of the registered trademark.\textsuperscript{36}

4. When a person uses a 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.\textsuperscript{37}

5. When a person applies a registered trademark to a material intended to be used as labelling or packaging goods, as business paper, or for advertising goods or services; provided, when he applied the mark,
such person knew, or had reason to believe, that application of the mark was not duly authorised by proprietor or licensee.\(^{38}\)

6. By any unauthorised advertisement of the registered trademark if such advertisement:
   a) takes unfair advantage of, and is contrary to, the honest practices in industrial or commercial matters; or
   b) is detrimental to its distinctive character; or
   c) is against the reputation of the trademark.\(^{39}\)

7. By the unauthorised spoken use, or visual representation, of words that constitute distinctive elements of a registered trademark.\(^{40}\)

A person is said to use a registered trademark under Section 29, if 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; or
   c) imports or exports goods under the mark; or
   d) uses the registered trademark on the business papers or in advertising.\(^{41}\)

10.2 When a Registered Trademark is not infringed?

Section 30 of the Act lays down exceptions to the general rule that no one can use the registered trademark of another legal entity for the purposes of identifying his own goods or services. Accordingly, the following uses of a registered trademark shall not constitute its infringement:

1. Use in accordance with honest practices in industrial and commercial matters, which will not take unfair advantage of, or cause detriment to, the distinctive character or repute of the trademark.\(^{42}\)

\(^{38}\) Section 29(7)  
\(^{39}\) Section 29(8)  
\(^{40}\) Section 29(9)  
\(^{41}\) Section 29(6)  
\(^{42}\) Section 30(1)
2. Use indicating the kind, quality, quantity, intended purpose, value, geographical origin, time of production of goods, or of rendering of services or other characteristics of goods or services.\textsuperscript{43}

3. Where a trademark is registered subject to any conditions or limitations, any use of the mark beyond the scope of such conditions or limitations. However, such use is subject to a claim of passing-off from the registered trademark owner.\textsuperscript{44}

4. Use in relation to goods or services to which the mark has been lawfully applied, or where the registered proprietor has consented to the use of the mark.\textsuperscript{45}

5. Use in relation to parts of, or accessories to, the goods in respect of which the mark is registered, if the use is reasonably necessary to indicate that the goods are so adapted.\textsuperscript{46}

6. Use of a registered trademark, being one or two or more trademarks registered under the Act, which are identical or nearly resemble each other, in exercise of the right to the use of that trademark.\textsuperscript{47}

7. Assignment of a registered trademark to another person will not affect the right of a person to sell or deal in the goods bearing the mark lawfully purchased by him before assignment. However, this provision shall not apply when the conditions of the goods has been changed or impaired after they have been put on the market.\textsuperscript{48}

\textbf{10.3 Judicial Principles on Infringement of Trademarks}

1. Besides the legislative rules, Indian judiciary has also laid down certain principles while deciding the cases pertaining to infringement of trademarks. These are discussed in the ensuing paragraphs.

\textsuperscript{43} Section 30(2)(a) \\
\textsuperscript{44} Section 30(2)(b) \\
\textsuperscript{45} Section 30(2)(c) \\
\textsuperscript{46} Section 30(2)(d) \\
\textsuperscript{47} Section 30(2)(e) \\
\textsuperscript{48} Section 30(3) & (4)
2. In Torrent Pharmaceuticals Ltd. v. The Welcome Foundation (Guj.), the Court observed that the test to determine whether the two marks are identical or resemble each other or the use of infringing mark is likely to deceive or cause confusion is the test of an average person with imperfect recollection.

3. In S. M. Dyechem Ltd. v Cadbury (India) Ltd., the Supreme Court observed that the question of resemblance of two marks could be determined by considering the leading characters of each. Yet the sameness of most leading elements in each may give very different impression.

4. On the other hand, critical comparison of the two marks might disclose numerous points of difference and yet the impression which would remain with any person seeing them apart at different time might be the same. Thus, it is clear that a mark is infringed if the essential features or essential particulars of it are copied. It is more so, when any distinctive arrangement or unusual features of the common elements are copied. The Apex Court further recognised that under other laws, emphasis is laid on the common features rather than on essential features and held that "where common marks are included in the rival trademarks, more regard is to be paid to the parts not common and the proper course is to look at the marks as a whole but at the same time not to disregard the parts, which are common." Going a step further, the Supreme Court laid down three-pronged test to determine infringement of trademarks:
   
   (i) Is there any special aspect of the common feature, which has been copied?

   (ii) Mode in which parts are put together differently, i.e., whether dissimilarities are sufficient to make the mark dissimilar?

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49 2001 (2) CTMR 158
50 (2000) 5 SCC 573
(iii) Paying more regard to the parts, which are not common, while at the same time not disregarding the common parts.

5. In Peshawar Soap & Chemicals Ltd. v Godrej Soap Ltd.,\textsuperscript{51} the Delhi High Court relied heavily on the Dyechem case and observed that for determining the comparative strength of infringement in favour of plaintiff, regard must be had to the essential features. Ascertainment of essential features is not by ocular test alone by excluding sound of words forming part of the whole mark. In cases of word mark, resemblance is important, but in cases of devices and composite marks, dissimilarity in essential features is more important than similarity. The leading characters, both orally and visually, in each as a whole would be the relevant indicia. In cases of similar marks, the dissimilarities would be relevant to adjudge the impression left on the mind. The ascertainment of distinctive arrangement of common elements is also relevant to determine infringement. The Court further observed that the defendant couldn't take a plea that his mark contains, besides the plaintiff mark, other matters also, though this is not an absolute proposition.

6. In Caterpillar Inc. 100 NE v. Jongane and other,\textsuperscript{52} the Madras High Court held that injunction could be granted restraining the defendants from using the well-known or reputed name of the plaintiff having regard to the trans-border reputation established by it because if injunction was not granted, plaintiff / appellant would be put to a great hardship as the defendants had started manufacturing and selling their garments in the names of 'CAT' and 'CATERPILLAR' which were the registered trademarks of the appellant / plaintiff.

7. In Allergan Inc. v. Milment oftho Industries and others,\textsuperscript{53} the Calcutta High Court observed that a plaintiff with a reputation, which is

\textsuperscript{51} 2001 PTC 1 (Del)
\textsuperscript{52} AIR 1998 Mad 171
\textsuperscript{53} AIR 1998 Cal 261
established internationally, can sue to protect in this country even if it does not have any business activity here. The Court also held that where the two products in question were pharmaceutical preparations with identical names and the foreign manufacturer company chose the name first and used it on its product in several countries around the world excluding India, whereafter the Indian company entered the market with their product and the foreign company together with certain Indian pharmaceutical company set up a joint venture company for sale of its product in India and had applied for registration of the disputed mark before the Registrar of Trademarks, Indian company can be restrained from using the trademark.

8. In Maekawa Bearing Manufacturing Co. Ltd. v. Onkar Bearing Industries,\(^{54}\) the High Court observed that in case of honest concurrent use, if in the opinion of the Registrar, it is found proper to do so, he may permit the registration by more than one identical or nearly resembling marks irrespective of the fact whether any such trademark is already registered or not, in respect of the same goods or description of goods, on conditions and limitations, if any, thought fit to be imposed by the Registrar. This exercise of discretion by the Registrar could not be regarded as perverse or arbitrary.

9. However, in National Chemicals and Colour Co. v. Reckitt & Coleman of India Ltd.\(^{55}\) the Bombay High Court held that where the appellants were aware that there were other similar registered trademarks, they could not use the said mark presumably in the hope of getting registration at a subsequent date, and thus, such a user cannot be considered as an honest concurrent user. The court further observed that one cannot compare the two trademarks by putting them side-by-side in trying to find out similarities and differences in the two marks.

\(^{54}\) 1998 PTC (18) 300
\(^{55}\) AIR 1991 Born 76
But one has to see the overall impression, which the trademark gives because this is what members of the public carry in their minds.

10. In Parle Products (P) Ltd. v. J.P. & Co.,\(^{56}\) the Supreme Court laid down the test to determine whether the deceptive similarity between the marks amounted to infringement. In order to come to the conclusion whether one mark is deceptively similar to another, the broad and essential features of the two are to be considered. They should not be placed side-by-side to find out if there are any differences in the design and if so, whether they are of such character as to prevent one design from being mistaken for the other. It would be enough if the impugned mark bears such an overall similarity to the registered mark as would be likely to mislead a person usually dealing with one to accept the other, if offered to him. In M/s Helpage India vs M/s Helpage Garhwal\(^{57}\), the Helpage Garhwal was held deceptively similar to Helpage India and defendants were restrained from using the name Helpage Garhwal. The Bombay High Court held that in medicinal preparations the mark applied for i.e. “Crofen” can be held to be deceptively similar to the registered mark of the Boots Company PLC England i.e., “Brufen”\(^{58}\). Further, in American Home Products Corporation vs Soul Marketing Pvt. Ltd\(^{59}\) the words/mark Annex was not held similar to *Anne French*.

11. In an application for registration of a trademark, the onus is always on the applicant to show that the mark is not deceptively similar to the opponents mark.

### 11. Passing-off

At times, a mark, which is not registered under the Act, becomes the subject of infringement from a rival company, and since the infringement

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\(^{56}\) AIR 1972 SC 1359  
\(^{57}\) AIR 2001 Del 499  
\(^{58}\) Boots Company PLC, England Vs Registrar of TMs Mumbai, 2002(3) RAJ 298(Bom).  
\(^{59}\) 2003(1) RAJ 631 (Bom)
proceedings can't be initiated under the Act due to its non-registered status, such a mark is protected by the Common Law remedy of 'passing-off. Section 27(2) of the Act protects this remedy in favour of the unregistered marks. The scope of this remedy has been extended to professions and non-trading activities as well.

Under the Common Law, passing-off is a form of tort, which is based on the principle that "no man is entitled to represent his goods as being the goods of another man, and no man is permitted to use any mark, sign or symbol, device, or other means, whereby, without making a direct false representation himself to a purchaser who purchases from him, he enables such purchaser to tell a lie or to make a false representation to somebody else who is the ultimate customer". 60

Passing-off is an actionable wrong committed by any person through the act of passing-off his goods or business as and for the goods or business of another person. The mode of committing the act of passing-off is irrelevant. Also, fraudulent intention on the part of infringer does not constitute a sine qua non for initiating the proceedings under the tort of passing-off.

The prime objective of the law of passing-off is to protect the goodwill and reputation of a business from encroachment by dishonest competitors. Broadly, the other purposes of the remedy of passing-off are:

(i) To protect the interest of the trademark owner in the advantageous relations he has created in the market place.

(ii) To protect the interest of the consumer or purchaser of goods against acts tending to create false impressions and to deceive or confuse him by inducing the belief that the business or products of one manufacturer or trader are those of another.

(iii) To protect the social interest by promoting fair dealing in the market place and prevent unethical and unfair practices in trade. 61

60 Singer Manufacturing Co. v Loog (1880) 18 Ch. D. 395 at 412
In Shaw Bros. v. Golden Harvest,\(^6\) the court held that an author, playwright, or film scriptwriter can acclaim goodwill in a fictional character and a film producer who has a license to use the story creating the character can build up a goodwill, which may be protected in a passing-off action even though he may not be the owner of the copyright.

To succeed in a passing-off action, the plaintiff needs to prove the following facts as present in his case:

a) The business or goods of the plaintiff has acquired a reputation in the market;

b) The mark he is using for his business or goods has become distinctive of his business or goods among the public at large;

c) The defendant made false representation of claiming the mark as his own, either expressly or impliedly;

d) The use of the mark by the defendant will result in a likelihood of deception or confusion in the minds of the public; and

e) Such confusion is likely to cause damage or injury to the reputation, goodwill and fair name of the plaintiff.\(^6\)

The plaintiff is, however, exempted from proving the fraudulent intention on the part of the defendant, as well as the actual loss or damage suffered by his business.

Lord Halsbury in Camel Hair Belting case\(^6\) rightly observed: "How far the use of particular words, signs, or pictures does or does not lead to passing-off must always be a question of evidence, and the more simple the phraseology, the more like it is to a mere description of the article sold, the greater becomes the difficulty of proof, but if the proof establishes the fact, the legal consequences will follow." In Yahoo 1 Inc. vs Sanjay V. Shah and others\(^6\), the Delhi High Court held that usage of trademark “YAHOO” by the defendants for products like Gutka, Supari and Chewing Tobacco or a

\(^{6}\) (1972) RPC 559 at 563, 567  
\(^{6}\) Erven Warnink v. Townend (Advocate) (1980) RPC 31 at 93 (HL)  
\(^{6}\) Reddaway v. Banham (1896) 13 RPC 218 at 224 (HL)  
\(^{6}\) 2006 (1) RAJ 418 (Del).
deceptively similar trademark, would to passing-off, such goods, as if they belonged to the plaintiff company, the owner of “YAHOO” trademark having extensive good will and worldwide web.

11.1 Distinction between Infringement and Passing-off

The Supreme Court, in Durga Dutt v. Navratna Pharmaceutical Laboratories, brought out the following points of distinction between infringement of trademark and passing-off:

i. While an action for passing-off is a Common Law remedy being, in substance, an action for deceit, i.e., passing-off by a person of his own goods as those of another; 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.

ii. The use by the defendant of the trademark of the plaintiff in respect of the same goods is not essential in an action for passing-off; but such use is a sine qua non in case of an action for infringement.

iii. In 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, packaging, 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. But in an action for 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.

11.2 Defense Available to the Defendant in a Passing-Off Action

The defendant can successfully retain his right to use the mark, if he can prove any of the following in a passing-off action:

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AIR 1965 SC 980
1. That the goods or business of plaintiff and of the defendant are totally different in nature.

2. That the impugned mark is not distinctive of the plaintiffs goods or business, and has not acquired reputation in the market.

3. That the defendant has a right to use the impugned mark by virtue of being an honest concurrent user.

4. That the defendant is using the impugned mark for bonafide description of his own goods.

5. That the defendant's use of the impugned mark is not such as to be likely to pass off his goods or business as those of the plaintiff.

6. That the defendant has used the impugned mark by mistake and is not likely to repeat the mistake.

7. That the plaintiff is not entitled to relief on account of delay, estoppel, acquiescence, deceptive use of the mark, misrepresentation of facts, or fraudulent trade.

11.3 Reliefs Available to the Plaintiff in a Passing-Off Action

Section 135 of the Act provides one or more of the following reliefs to the plaintiff in a successful passing off action:

1. An injunction, subject to any terms, which the court may deem fit,

2. Either damages or an account of profits, at the option of the plaintiffs, and

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

However, if the defendant used the impugned mark by mistake and had ceased such usage when he became aware of the plaintiff's mark, only nominal damages can be awarded. No other damages or an account of profits will be granted in all such cases; however, other reliefs will be available even in this case.
11.4 Judicial Principles on Passing Off

In Harrods Ltd. v. Harrodian School Ltd.,\(^{67}\) the court observed that where there is no or only a tenuous degree of overlap between the parties' respective fields of activity, the burden of proving the likelihood of confusion and resulting damage is a heavy one. The further removed from one another the respective field of activities, the less likely was it that any member of the public could reasonably be confused into thinking that the one business was connected with the other.

The Supreme Court, in Cadila Healthcare Ltd. v Cadila Pharmaceutical Ltd.,\(^{68}\) observed that the probability of deception is a question of fact, which depends upon a number of factors, like:

1) Nature of the mark;
2) Degree of resemblance between the marks;
3) Nature of goods in respect of which they are used;
4) Similarity in the nature, character and performance of goods of the rival trader;
5) Class of purchasers, who are likely to buy the goods bearing the marks, their education, intelligence, and degree of care they are likely to exercise;
6) Mode of purchasing;
7) Any other relevant surrounding circumstances.

In Office Cleaning Service v Westminster Window and General Cleaners Ltd.,\(^{69}\) the court observed that the question is whether the use by the defendant of the trade name or trade style is calculated to lead to the belief that his business is the business of the plaintiffs. The nature of the words, which are used in the trade name, the circumstances and peculiarities of the trade, the motives proved or presumed of the trader who would use the words; all these and many other factors must be considered in determining whether a

\(^{67}\) (1996) RPC 67 (CA)
\(^{68}\) (2001) 5 SCC 73
\(^{69}\) (1946) 63 RPC 39 at 42 (HL)
plaintiff can succeed in his claim. It is a question upon which the judge who has to decide the case has to bring his own mind to bear and which he has to decide for himself. But instance of actual confusion will be given due weight.

The Bombay High Court, in Hiralal Prabhudas v Ganesh Trading Company,\textsuperscript{70} very comprehensively laid down the following factors that must be considered in a passing-off action:

1) Marks must be compared as a whole, microscopic examination being impermissible.

2) Marks are remembered by general impressions or by some significant details, rather than that by a photographic recollection of the whole. So, overall, similarity is the touchstone.

3) Marks must be looked apart from the first impression of a person of average intelligence and imperfect recollection.

4) The broad and salient features must be considered for which the marks must not be placed side-by-side to find out the difference in design.

5) Overall structure, phonetic similarity and similarity of idea are important and both visual and phonetic tests must be applied.

\textsuperscript{70} AIR 1984 Bom 218