

Ranjan Narula Associates

Going above and beyond

The Indian courts have gone beyond the text of the statutes to protect the worldwide reputation that any trademark or commercial sign can acquire by virtue of its use, promotion or advertisement

A trademark is a source identifier that helps consumers to make an informed choice while purchasing goods. This connection in the course of trade between goods or services and the mark owner underlies the very concept of trademark law, for which registration is irrelevant. Trademark rights are independent of registration and can be successfully protected and enforced even in its absence. However, from the point of view of securing IP assets, registration is still the most acceptable and common form of protection.

A business cannot seek statutory protection for all of its creations. Thus certain brands, shapes of goods, taglines, colour schemes, business names and slogans created during the course of business development cannot be registered. Further, as brand names become popular and easily recognised by the trade and the public, they are often copied for completely different or unrelated goods. An obvious argument put forth by traders in such cases is that since there is no commonality of trade channels and end users of products or services, no confusion will be caused. Thus, to protect the interests of the owner that originally created the mark, logo or colour recognised by the public as indicating the origin or endorsement of particular products, the common law remedy of passing off is specifically provided for in the Trademarks Act. Section 27(2) states that “nothing in this Act shall affect the rights of action against any person for passing off goods or services as goods of another person or as service provided by another person or the remedies in respect thereof”. The criteria to establish and succeed in a passing-off action are as follows:

- The mark owner must show that by virtue of use, the unregistered mark has become distinctive of its goods.
- Goodwill exists in the mark in favour of the owner.

- The action claims that the goods or services make false representations and convey an association with the mark owner's goods and business.
- The representation is fraudulent and made knowingly.
- As a result of such misrepresentation, the owner has suffered or is likely to suffer injury or damages.

The owner does not need to prove that anyone has actually been misled or deceived. It is sufficient to establish that the defendant's acts are of such a nature as is likely to mislead members of the trade and public (especially an average person of imperfect recollection) in inducing them to purchase the goods.

In an action for passing off which is based on the imitation of get-up, trade dress or other commercial signs, the degree to which the owner must show the trade dress's distinctiveness is high, as it must establish goodwill and reputation and that it is exclusively associated with the owner's business. The second requirement in such action is that the trade dress used by the imitator be such that it is likely to deceive or cause confusion.

Different field of goods and services

The protection of a mark for unrelated goods not only is a commercial issue, but also has a social impact. It encourages fair dealing in the marketplace and prevents unethical and unfair trade practices. How far the protection can – or should – be extended is to be decided on the facts and circumstances of each case. Some factors to be considered include:

- the close resemblance or identical appearance of two competing marks;
- the trade connection between different goods; and

- the strength of the mark (ie, whether it is an invented word).

It is perhaps for this reason that judicial thinking has been inclined towards granting broader protection, at least to marks that are well known or recognised by the trade and public. In *Sunder Parmanand v Caltex India Ltd* (1969), when considering registration of the mark CALTEX by the defendant for watches, the Bombay High Court observed that: “In this case the goods are totally different. There is no trade connection between them. There are no common trade channels. These are factors holding that there would be no danger of deception or confusion. But we must consider the factors which tend to show that there is likelihood of creating deception or confusion.” Registration of the mark was refused.

In *Bata India Ltd v Pyarelal & Co* (1985) – an appeal filed by Bata India against a district court order allowing the defendant to use the mark BATAFOAM for mattresses, sofas and cushions – the Allahabad High Court noted that “the name (BATA) is well known in the market and the use of such name is likely to cause not only deception in the mind of an ordinary consumer but may also cause injury to the Plaintiff Company”. Thus, it restrained the defendant from using the mark BATA. The court completely disregarded the argument that there was no connection between the goods.

A similar view was taken by the Delhi High Court in *Daimler Benz Aktiegesellschaft v Hybo Hindustan*, in which the court considered use of the mark BENZ and a three-pointed star device in relation to undergarments. The court ruled in favour of Daimler, holding that BENZ, as a name of a car, is well known to everyone.

This view is not consistent; in *Sony Kabushiki Kaisha v Shamrao Maskar* the

Bombay High Court refused to interfere with an order of the registrar which allowed registration of the mark SONI for nail polish. The court observed that: "where the trade channels for sale of the two items are entirely different and there is no common field of activity in the course of trade of the two items and also classes of customers who purchase the two items are entirely distinct and different, objection to registration of the impugned trademark cannot be sustained, as there would be no likelihood of confusion or deception." However, the Bombay High Court's view has not been followed in subsequent cases.

Is goodwill local or international?

In *Kamal Trading Company v Gillette UK Limited* (1988) the Bombay High Court expressed its dissent from the UK position as expressed in *Budweiser*. The division bench observed that: "goodwill or reputation does not stand extinguished merely because the goods are not available in a country for some duration. It is necessary to note that the goodwill is not limited to a particular country because in the present days, the trade is spread over the world and goods are transported from one country to other rapidly and on an extensive scale. The goodwill acquired by the manufacturer is not necessarily limited to the country where the goods are freely available because the goods though not available are widely advertised in newspapers, periodicals, magazines and in other media. The result is that though the goods are available in the country, the goods and the mark under which they are sold acquires a wide reputation." Thus, the proposition that goodwill is local in character, and unless trading is carried out in India there can be no goodwill, no longer holds good.

The Delhi High Court had occasion to consider the concept of goodwill in a business context. In *WWF International v Mahavir Spinning Mills Ltd* a passing-off action was brought by World Wildlife Fund (WWF) International to stop Mahavir from using the PANDA name and device in respect of threads. One of the defendant's arguments was that WWF had no commercial business and no reputation in its commercial activities. WWF has a reputation for operating in the field of protection of endangered species or for preserving the environment. While holding in favour of WWF, the court observed that: "[the] mere fact that the Plaintiff has never manufactured any products in this country does not prevent it from acquiring the goodwill here in its trademark. It is no doubt true that an action



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for passing off relates to the business and it must be established that the Plaintiff has a reputation or goodwill of his business in this country. The foundation for the action of passing off is the protection of goodwill and so, one must prove the existence of goodwill in this country before obtaining the relief of passing off. The principle of passing off has been also made applicable to non-trading business or non profit making bodies as well."

In *Jolen Inc v Doctor & Company*, which concerned use of the mark JOLEN by a local company, the court, dealing with the argument that Jolen, a US company, had made no direct sales of its goods in India, observed that "merely because a party has no business in the fore shares of a particular country does not mean that it has no right to protect the integrity of its reputation or goodwill of its name or trademark".

Trade dress or 'get-up'

Trade dress or 'get-up' is another form of commercial sign which serves as an important source identifier. More often than not, companies do not seek statutory protection for labels or trade dress, as the focus remains on brand name protection. However, common law rights accrue by virtue of use. The court's views on the protection of such rights were summed up by the Delhi High Court in *Colgate Palmolive Co v Anchor Health and Beauty Care Pvt Ltd*: "It is the overall impression that a consumer gets as to the source and origin of the goods from visual impression of colour combination, shape of the container, packaging etc. If the illiterate, unwary and gullible customer gets confused as to the source and origin of the goods which he has been using for longer period by way of getting the goods in a container having particular shape, colour combination and getup, it amounts to passing off. In other words if the first glance of the article without going into the minute details of the colour combination, get up or lay out appearing on the container and packaging gives the impression as to deceptive or near similarities in respect of these ingredients, it is a case of confusion and amounts to passing off one's own goods as those of the other with a view to encash upon the goodwill and reputation of the latter."

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