

## RESISTRATION, PASSING OFF AND INFRINGEMENT OF TRADEMARKS

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### Abstract

Trademark law protects a trademark owner's exclusive rights to use the mark, thereby preventing any unlawful use of the mark by an infringer. Trademark protects the mark from any unauthorized use which shall cause confusion in the minds of the general public. Whenever the plaintiff shows that the defendant has caused confusion in the minds of the public by using similar or same mark, a trademark infringement claim shall prevail. To the purchaser of any good, a genuine trade mark gives assurance of the quality of the good he is buying. The motive of trademark is to give exclusive recognition as well as protection to a trademark owner. In case of a registered trademark, claim for infringement will take place whereas common law recognizes the act of 'passing off' which prevails in the case of unregistered trademark. Generally, a lot of money is spent in making a name or symbol popular through advertisements. So, the trade mark may acquire great reputation, and often become a stamp of quality and a symbol of origin.. For every trader who has built up a reputation for his mark it is obvious of protecting it against piracy by unscrupulous competitors. Protection of trademarks is necessary not only for honest trader but also for the benefit of the purchasing public against confusion and fraud.

The project aims to analyze the law relating to infringement and passing off of the trademarks and bringing out the difficulties faced by courts in deciding in an action of passing off, due to its common law origin.

### Introduction

*"A trademark is not simply an image, a design, a slogan or an easily remembered picture. It is a studiously crafted personality profile of an individual, institution, corporation, product or service."*

-Daniel J. Boorstin

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. Trademarks play a very important role in the modern commercial market. Trade mark 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 others.

Trademark law is concerned with preventing confusion among consumers and protecting people's investments in their source-indicating marks. Honest sellers spend millions to create brand identity and do not want buyers to confuse their products with others' products. Nor do they want other sellers to use similar marks that dilute their name recognition. Prudent buyers do not want to be confused about which producer is the source of a product and rely on a mark to indicate what characteristics and quality the product has<sup>1</sup>.

According to section 2 (zb) of the Trademarks act,1999 "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."

### **Registration of Trademarks**

Any proprietor of a trade mark or claiming to be one which is either used by him or is proposed to be used by him, if he is desirous of registering it, may apply to the registrar of trademark in prescribed manner, for the registration of his trade mark. Therefore either a user or a potential user can apply for its registration with the registrar or trademarks.

When an application for registration of a trade mark has been accepted and either

- a. The application has not been opposed and the time for notice of opposition has acquired, or
- b. Though, the application has been opposed and the opposition has been decided in favour of the applicant;

<sup>1</sup>Nard Barnes Madison , The Law Of Intellectual Property, 3rdEdn, 2011 Aspen Publishers, p.19

The registrar should register the trademark, unless the central government directs otherwise.<sup>2</sup>

### **Factors to be considered by registrar while deciding an application**

While deciding the application and the question as to register or not to register a trade mark, the registrar has to keep himself aware about the following factors

1. Absolute grounds for refusal of registration.<sup>3</sup>
2. Limitation as to colour.<sup>4</sup>
3. Relative grounds for refusal of registration<sup>5</sup>
4. Honest and concurrent use<sup>6</sup>
5. Prohibition of registration of names of chemical elements<sup>7</sup>
6. Names and representations of living persons or persons who recently died<sup>8</sup> etc.

### **Absolute grounds for refusal**

Section 9 of the act says that the trade marks—

- a. Which are devoid of any distinctive character i.e. not capable of distinguishing the goods or services of one person from those of another.
- b. Which consist exclusively of marks or indications which may serve in trade to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or rendering of the service or other characteristics of the goods or services.
- c. Which consists exclusively of marks or indications which have become customary in the current language or in the bona fide and established practices of the trade.

Shall not be registered.

### **Passing Off**

Passing off is said to be a species of unfair trade competition or of actionable unfair trading 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

<sup>2</sup>Dr. GB Reddy's Intellectual property rights and the law (11<sup>th</sup> edition,2015-16)

<sup>3</sup>section 9 of the act of 1999

<sup>4</sup> section 10,ibid

<sup>5</sup>section 11 of the act

<sup>6</sup>section 12

<sup>7</sup>section 13

<sup>8</sup>section 14

made by a trader to his prospective customers calculated to injure, as reasonably foreseeable consequence, the business or goodwill of another which actually or probably, causes damages to the business or goodwill of the other trader.<sup>9</sup>

### **Characteristics of Passing off**

The characteristics of passing off are discussed and explained in a number of English and Indian cases. However five characteristics have been stated by Lord Diplock in *Ervin Warnik B.V. v. Townend*<sup>10</sup>

1. Misrepresentation
2. Made by a person in the course of trade
3. To prospective customers of his or ultimate customers of goods or services supplied by him
4. Which was calculated to injure business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence)
5. Which caused actual damage to a business or goodwill of a trader by whom the action was brought, or in a quia timet action would probably do so.

### **Importance of Passing off in India**

Passing off is not a statutory right. Still its importance cannot be undermined. This law gives priority to the prior use of trademark over the registered trademark. This action can be brought against the registered user under section 27 (2) of the Act, if the plaintiff is a prior user of the trademark. Any of the statutory provisions of the Act does not stop an action for passing off by a previous user of a trademark against a registered user of the same. This action also restrains a person from the usage of the trade name, even though the person is not involved in the selling of the same goods. Although there are certain Limitation on this action, this action is available only to a trader to protect his proprietary right in his goodwill or business but not open to the consumers who have been deceived or misrepresented. The consumers have no protection under this law.

This is the only way through which an unregistered user can secure his rights and the burden of proof is on the claimant to pass through the trinity test so it is not easy to

<sup>9</sup>Wander Ltd. V. Antox India P. Ltd., 1990 (sup) SCC 727

<sup>10</sup> (1979) 2 All ER 927

successfully claim an action for passing off. In the present scenario, it is very difficult for the claimant to pass the test as the deception of the customers or the damage to goodwill cannot be ascertained easily which are essential for a successful claim. The whole scheme of the Indian Trademarks Law indicates that the right of the prior user of a trademark, whose use has made the mark distinct, prevails over the rights of any other user. In India, the process of getting a trademark registered is very lengthy and complex.

The procedural complexity and the long time taken discourage people to get their trademarks registered. Due to this they lose away their right to claim an action against infringement and the remedy left with them is the claim against passing off. The stringent tests of passing off are difficult for the claimant to qualify most of the times which results in the denial of justice. The concept of passing off has expanded and reached new dimensions. A variety of passing off, namely 'reserve passing off' has emerged in the recent case of *John Roberts Powers School v. Tessensohn*. "Reserve passing off" occurs where the defendant markets the plaintiff's product as his own. As the concept of passing off has evolved in recent times, there is a need for changes in the law of passing off so that it becomes capable of handling these situations in a fair and efficient manner. Further, India is a signatory to the Paris Convention and its Article 10 Clause 1 lays down that the countries are bound to assure protection against unfair competition. Since, passing off is a kind of unfair competition, the principle of *pactasuntservanda* binds our state to adhere to the Convention.

Article 253 of the Indian Constitution empowers the Parliament to legislate any law for implementing any treaty, agreement or any convention with any international conference or body. Keeping in mind the widening ambit of passing off, we need to be liberal on the part of the plaintiff so that his genuine case does not suffer hardship because of the procedural defects.

The concept of passing off has been governed by judicial pronouncements which have led to the subjective treatment of the actions for passing off. The Legislature should give the laws related to passing off a concrete shape in the form of legislation and should try to remove the procedural infirmities and maintain consistency.

## Infringement

Infringement of a trade mark occurs if a person other than the registered user, uses the same mark or a deceptively similar mark, in relation to the same goods or services for which the mark is registered.

The totality of the impression of the trade mark produced should be such as to cause confusion or deception in the mind of purchasers. A tangible change of confusion by a substantial proof is the main test to find out whether the infringing mark is deceptively similar to the infringed mark. The test of comparison of marks side by side is not a sound one since a purchaser will seldom have two marks actually before him when he makes his purchase. The eye is not accurate recorder of visual detail and marks are remembered rather by general impression or by some significant detail than by any photographic recollection of the whole.

In the case of **R.S Kandaswamy and others vs. New Jothi Match industries**<sup>11</sup> where the figure in the trade mark of respondent was “frog” and that in the trade mark of appellants was “crocodile” it was held that the difference between the two creatives is well known to an ordinary man and persons with normal power of observation would be able to see distinctive marks easily even though the colour pattern may look somewhat similar.

The Delhi High Court by following similar principle held that the trade marks “Energex” and “Enerjase” are dissimilar even though they are used in the similar product.<sup>12</sup>

## Essentials of Infringement

In order to constitute infringement, the following elements must be present.

1. Using a registered trade mark by a person other than its registered user;
2. Using either the whole of the registered trade mark or an adapted one by making of few additions and alterations;
3. Using such infringing mark in relation to the regular trade of the registered proprietor or user;
4. The infringement trade mark is identical or similar to the trade mark already registered.

<sup>11</sup> AIR 1995 Mad. 73 (77)

<sup>12</sup> AIR 1998 Del. 347

5. The likelihood of causing confusion on the part of the public;
6. Advertising of the trade mark registered, as if it is owned by the unauthorized user etc.

Apart from this the most common form of infringement takes place when an unscrupulous trader makes an attempt to take unfair advantage by using the infringing trade mark, which is detrimental to the interests of the registered user. Therefore using deceptively similar marks to create confusion is the worst form of infringement.

### **Deceptive Similarity**

A deceptive mark is such a mark which is likely to cause confusion in the minds of the buyer. When any product is launched in the market which has the same or closely similar trademark to any other well established product, some people tend to buy the new product. This is an economic offence and is punishable.

### **Definition**

Section 2(h) of the Trade Mark Act, 1999 defines Deceptively Similar as “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 or cause confusion.”

### **CASES**

#### **Hitachi Ltd. v Ajay Kumar Agarwal<sup>13</sup>**

The applicants were the registered users of the trademark Hitachi. They filed a suit against the defendants contending that the trademark Hitaishi was deceptively similar to that of Hitachi. It was held that because the latter word is being used in devanagari script (Hindi), there is no case of deceptive similarity. But after appeal it was held that on application of the rule of the ear, hitaishi seems to be deceptively similar to Hitachi. The ordinary Indian man pronounces the two words almost similarly and thus it is difficult for an ordinary man to precisely understand which one is real. Thus the defendant's trademark is deceptively similar to that of the applicants.

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<sup>13</sup>ILR 1996 Delhi 359

**Delhi Lakme ltd vs. Subhash Trading**

Plaintiff was selling cosmetic products under the registered Trade Mark —Lakme. Whereas Defendant was using the Trade Mark “LikeMe” for the same category of products. It was held that there was resemblance between the two words. The two words are also phonetically similar. There is every possibility of confusion being caused in the mind of the prospective buyer of the plaintiff’s products. Permanent injunction was made<sup>14</sup>.

**DIFFERENCE BETWEEN INFRINGEMENT AND PASSING OFF**

The issue of infringement and passing off are quite different from one another. The Supreme Court<sup>15</sup> has distinguished between an action of passing off and infringement thus: -

1. An action for passing off is a common law remedy, being in substance an action for deceit. And, the action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark.
2. The use of trade mark of plaintiff by the defendant is not essential in an action for passing off but it is a sine qua non in the case of an infringement action.
3. In an action for infringement, the plaintiff must make out that the use of the defendant’s mark is likely to deceive. But in the case of passing off, the defendant may turn down liability if he can show that the added matter is sufficient to distinguish his goods.
4. In an action for infringement of trademark, the plaintiff complains that the defendant has infringed his trademark by taking in its entirety or by taking a substantial portion of it, or by colourably limiting, and he relies on his statutory titles to the exclusive use of the mark in question for goods of a specified kind. But in a passing off action, the plaintiff’s case is less specialized, for he complains that defendant is using means which are calculated to pass off, or cause to pass off the goods of the defendant as and for those of the plaintiff and means may or may not comprise or consist of the trade mark, either registered or not.

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<sup>14</sup>1996 PTC (16)567

<sup>15</sup>KavirajPanditDurgaDutt Sharma vs. Nav Rattan Pharmaceuticals, AIR 1965 SC 980



5. Element of deceit may exist in both kinds of actions, but is of the essence of passing off action, actual deception, is not required to be proved but reasonable ground for apprehending deception must exist.
6. Registration of trademark is irrelevant in case of passing off action. It is a must for initiating infringement action; and
7. In passing off action, likely or actual damage to the goodwill of the plaintiff is essential but it is not so in the case of infringement action.

## **Conclusion**

The argument of protection of a trademark is that no man is entitled to sell others mark showing that it belongs to him. Infringement action arise in case of registered trademarks whereas passing off comes whenever there is a need to protect an unregistered trademark. For an action for infringement of trademark, there has to be an identical imitation of the mark causing considerable confusion in the minds of the users. Registration of trademark gives an exclusive right to the manufacturer with regards to the mark and in case of an infringement the right is statutorily protected. In case of passing off, the mark is misrepresented by the defendant trader. The trader passes of his goods as the goods of another trader. The users are confused and mislead with respect to the origin and source of the product.

For an action of passing off, likelihood of confusion is to be established. To escape liability in case of passing off, the defendant has to show that there is a considerable difference between the marks and that the defendant's mark can be easily distinguished. Registration of a trademark in case of an action for passing off is irrelevant. Though passing off has not been clearly mentioned in the 1999 Act, its inference can be drawn from common law.

The emphasis in determining passing off is tilted more towards common law which explains that when an infringement is done in such a manner that it is not only deceptively similar but is also causing considerable confusion harming the business of a company it would amount to passing off. Hence, the acid test for a passing off claim is to determine whether the owner of the good has acquired a reputation or goodwill.

The most valid point of importance is that in the case of an unregistered mark being infringed, the remedy is passing off whereas a registered owner has the right to claim an action for infringement. An action for infringement or Passing off serves the common

purpose to protect the goodwill as well as the reputation attached with a mark. Though the concepts are different to each other, the goal is similar, that is to protect the owner and his mark in case of any deceit or confusion

