

# Well-known Mark & Famous Mark

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## Abstract

Well-known marks are those marks which are not registered under the act governing Trademark Act of particular countries. They are called as famous marks in some countries. Well-known mark as a concept was recognized for the first time under Paris Convention, 1883. Such marks' protection became stronger after the formation of WIPO and countries becoming a member to the TRIPs agreement. Well-known marks are those marks which are usually unregistered in nature, but have gained goodwill. They are protected through the process a common law remedy called passing off. However, providing protection to well-known or famous marks can prove disadvantageous to the domestic users who may have the same name without intending to copy the famous mark. Still, the reality is that the famous marks when go beyond their territory and enter a country for example India as well-known mark, they start off by filing suits on number of domestic companies who might have gained domestic goodwill. This results in a loss for the domestic users who might be a prior honest user. This loss can be categorized as social loss because the domestic users lose the goodwill they had procured and economic loss as the judiciary can interpret the law, conventions strictly and favor the famous marks' entrance and make the domestic users pay heavy monetary compensation to the plaintiff. This paper aims to understand the evolution of well-known mark as a concept and provide vital information which one needs to understand a well-known mark. It further tries to analyze if there are any provisions to protect the prior honest users with reasons. In totality the paper will range from evolution to the registration of a mark as a well-known mark and cases of passing off.

**Keywords :** Well-known mark, WIPO, Paris Convention, Prior honest user.

## I. Introduction

The process of innovating and creating things by humans can be seen during ancient times. In the pre-historic time, man created stones, hunting material, jewellery, etc and eventually he started creating statuettes of gods and goddess. During that period marks were made on the objects and one who would try to infringe were considered as thieves and they were punished. After a mark was created it would mean that no other person except the manufacturer had any rights on that product. Subsequently, during the Middle Ages, there were two main classifications i.e. 1) Merchants Mark 2) Production Mark. The Merchants Mark would stipulate the ownership over that product and the production mark would indicate the origin.

Eventually, people began to carve their names on ships which were the first widely recognized use of trademarks, so that in case of breaking down or sinking of the ship there would be simple identification.

Along with the constantly developing trademarks over a while, there emerged a new concept within trademarks known as 'well-known marks'. Well-known marks were defined for the first time in the Paris Convention but during this convention, there was no set protocol to be followed for the protection of well-known marks. As a result, all the countries have been given their discretion to follow the procedure of protection of well-known marks. Initially, the trademark and the merchandise marks act 1958 did not touch upon the concept of well-known marks. Well-known marks were later added in the Trademarks Act of 1999.

Section 2 (1) (zg) of the Trademarks Act of 1999 defines well-known marks.<sup>1</sup> It is highly important to know that well-known marks may be known as famous marks in some country and as well-known in another. Well-known marks are to be identified based on their national and international reputation. Recently, under the Indian law protection to well-known mark has gained importance, more so if such a mark is not registered as a well-known mark under the trade registry.

Further, in recent years the amendment brought into the Trademarks Act, 1999 gives power to the registrar to declare a mark as a well-known under rule 124.<sup>2</sup> The criteria for deciding a well-known mark is given under Section 11 of the Trademark Act, 1999 for declaring a mark as well-known in India<sup>3</sup>. However, questions can be raised on the validity of the criteria mentioned therein.

### **Objective:**

- To Highlight the justification for protection of well-known mark
- To examine the impact of grant of well-known marks on prior honest users.

### **Research Problem:**

The misuse of well-known (famous marks) of their power to influence the public and courts is rising because of which the abuse of their power needs to be controlled. The lack of required recognition of a

<sup>1</sup> in relation to any goods or services, means 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

<sup>2</sup> Rule 124, Trademark Rules 2017  
<[http://www.ipindia.nic.in/writereaddata/Portal/IPORule/1\\_69\\_1\\_312\\_1\\_TRADE\\_MARKS\\_RULES\\_2017\\_English.pdf](http://www.ipindia.nic.in/writereaddata/Portal/IPORule/1_69_1_312_1_TRADE_MARKS_RULES_2017_English.pdf)> accessed 26 August 2019

<sup>3</sup> The Registrar shall, while determining whether a trade mark is a well-known trade mark, take into account any fact which he considers relevant for determining a trade mark as a well-known trade mark including—

(i) the knowledge or recognition of that trade mark in the relevant section of the public including knowledge in India obtained as a result of promotion of the trade mark;

(ii) the duration, extent and geographical area of any use of that trade mark;

(iii) the duration, extent and geographical area of any promotion of the trade mark, including advertising or publicity and presentation, at fairs or exhibition of the goods or services to which the trade mark applies;

(iv) the duration and geographical area of any registration of or any application for registration of that trade mark under this Act to the extent they reflect the use or recognition of the trade mark;

(v) the record of successful enforcement of the rights in that trade mark; in particular, the extent to which the trade mark has been recognised as a well-known trade mark by any court or Registrar under that record.

mark in India and the excessive recognition given to the famous marks outside the territory of India who enter into Indian territory as a well-known mark proves as a difficulty to the prior marks in India who haven't got their mark registered. The prior marks should be given rights to protect their marks from mala fide intentions of famous mark.

### **Review of Literature :**

- 1) **D. E. C. Yale, 'Passing off. Trade Mark. Use of True Makers'Name'(1985 ) Vol. 16No. 2 The Cambridge Law Journal(pp. 162-163)**

The author in the above-mentioned article while discussing the case of *Baume & Co. Ltd. v. A.H. Moore Ltd.* and during referring to the case of *J. in Joseph Rodgers & Sons Ltd. v. W. N. Rodgers* explains the concept of the passing off in trademark. Further, he concludes the article where he talks about the problems in the branch of law and some issues related to strict liability along with its exemptions. The article covers a substantial topic of the research paper and as a result, it is relevant to the paper.

- 2) **Peter Meinhardt, 'Trade Marks and Passing off'(1949) Vol.12 No.3 The Modern Law Review (pp. 381-382)**

The case note talks about the case of *Aktiebaloget Manus v. R.J. Fullwood bland Ltd* while explaining the facts and judgment of the mentioned case law in which the question of passing off had arisen, but the law reports and all England reports didn't mention the question of passing off. It just reported the issue related to the non-use of a trademark in the war period. However, the author has mentioned briefly the concept of passing off and stated that ordinarily is used to protect the goodwill of the company. Now, how far that statement is true will be looked upon in this favor. Subsequently, when and why it is used. Hence, this article helped us to understand passing off with trademark from a general point of view.

- 3) **Gerald Dworkin, 'Passing off and Unfair Competition: An opportunity missed'(1981) Vol.44 No.5 The Modern Law Review (pp. 564-567)**

This case note comprises only of important case laws in accordance with the views of the author. The author has dealt with the traditional tests of distinctiveness, confusion among others. He explains all the tests with separate case laws out of which the one that stands out the most is the relevant misrepresentation test wherein the question of passing off arises. Subsequently, he deals with the relevance of passing off and how it is only given if the tortious act of misrepresentation arises. However, the question of is that view still applicable arises which is what will be answered in this paper.

- 4) **Tashia A. Bunch, 'Well – Known Marks Doctrine : Where do we go from here?'(2008) Vol. 90 J Pat & Trademark Off Soc'y p-227**

The article starts with explaining a practical example and states that the Well Known marks doctrine is used to curb the usage of marks by trademark pirates. Further, the article explains how well-known marks have developed through changing needs of the society along with the development of trademark

laws all over the world. The article is relevant to the paper as it covers topics which to be used in the paper.

### **Research questions :**

- Whether protection of well-known trademark under the trade mark regime is justified?
- Is there a mechanism to protect the prior honest user against well-known marks?

### **Hypothesis :**

The provision for protection of well-known trademark has left prior honest user powerless.

### **Research Methodology:**

The Methodology used under this paper will that be of a doctrinal nature. It will involve primary sources like cases and statutes and secondary sources namely, books, articles, and websites. Further which the research paper has an analytical approach as well because of the analysis to be made on the usage and protection mechanism of well-known mark and its consequences.

## **II. Well-known mark as a concept**

Well-known means something which is established and is popular. Well-known marks in India are those marks which are not registered under the Trademarks Act, yet are given more recognition and protection than ordinary marks. However, there were statutory changes made to the trademarks act 1999 which started to provide for the protection of a well-known trademark which was unregistered. The act also gave the right to the owners of well-known marks the reasons to oppose at the registration stage. As a result, it gave special benefits and treatments to the well-known marks. It is pertinent to note that the same kind of recognition is given all over the world. However, the names given to them might differ and all such marks are governed by their own statutes in their own country and some countries might call it as famous marks.

Today, the market has expanded and it has turned into a global market. The consumers have also increased domestically and internationally which is why companies try to build themselves as a global brand in international markets. Regardless of this, it isn't necessary for such global brands to be registered in every country. So, this brings the question of what protects such marks when they are infringed internationally. It is safe to say that this recognition of marks which started by treaties and conventions are the basis of recognition of marks in every other country.

### **Evolution of well-known marks: a global perspective**

It all started with the Paris Convention for the protection of industrial the property, 1883, but the real picture was established by WIPO in 1967 and the amended Paris convention, 1979 where the relatively reframed new concept of 'famous mark' is found. Well-known marks are protected because of General assembly of the World Intellectual Property Organization (WIPO) adopting a joint resolution for protection well-known

marks. The World Intellectual Property Organization resolution provides for features which make a mark known as well-known marks. These include the degree of the goodwill of the mark and the duration it has been famous from. Further, the geographical extent of usage of the mark and publicity with the mark and the number of registrations globally and occurrences of where the mark has been successful.<sup>4</sup>

### **Paris Convention :-**

Article 6bis of the Paris Convention for the Protection of Intellectual Property as translated in English provides for the protection of ‘well-known marks’<sup>5</sup>.

However, the effect of this varies because of the local laws made in countries. In some countries the convention is supposed to be made a local law after which it can be followed and in other countries, domestic and international laws are kept separate as seen in India. States which sign and ratify the conventions and treaties become the member countries of it on which the law becomes applicable between all those member countries irrespective of if they are brought about as a local law or separation of international and local law.

Article 6bis(1) clearly provides for the countries who have become a member to refuse or cancel registration, forbid the use of a trademark which seems like an exact reproduction, a copy, or translation which might create confusion of a mark considered to be a well-known trademark in a country by the competent authority of that the particular country will be entitled to the benefits of the Paris Convention and the same will be used for identical or similar goods. It further states that even if part of the mark which is the essential part is imitated will be liable to be struck off. It can be inferred that the idea behind this was to protect those marks and owners which are well-known in their locality irrespective of their mark is registered in their state or not. The fact that that mark is well-known and of some value to the people and heard very often about in itself provides for the protection of well-known marks under this convention.

### **TRIP’s**

Paris convention was not the only thing that started to provide for the protection of well-known mark. To widen the extent of the Paris Convention protection given to well-known marks, Article 16(2) of the Trade-Related Aspects of Intellectual Property Rights was brought about of the World Trade Organisation. Guidelines have been provided in the TRIPS agreement for determining whether a mark is a well-known one or not is provided in article 16(2) of TRIPS Agreement. Article 16(2) of TRIPs agreement gives

<sup>4</sup>Clark W Lackert and Maren C Perry, ‘Global Protecting well-known and famous marks: a global perspective’ (*King & Spalding LLP, 2008*) <[http://www.buildingipvalue.com/08\\_global/63-66KingSpalding.pdf](http://www.buildingipvalue.com/08_global/63-66KingSpalding.pdf)> accessed 24 August 2019.

<sup>5</sup>‘Paris convention for the Protection of Industrial Property (as amended in September 28, 1979)(Official Translation)’(*World Intellectual Property Organization, 1979*) <<https://wipolex.wipo.int/en/text/287556>> accessed 24 August 2019.<https://wipolex.wipo.int/en/text/287556>

guidelines on what can be called a well-known mark.<sup>6</sup> Article 16(3) of the TRIPs agreement allows protection on non-competing goods and services of well-known marks, but limits itself to registered marks<sup>7</sup>.

Subsequently the scope of protection of well-known mark increased in India by the country making effective its new Trade Marks Act, 1999 in the year 2003. However, the language of the provisions under this act can be seen to be that of WIPO resolution and the law is very strict with ample considerations for a well-known mark.

- 1) The degree of reputation to reach beyond the plaintiff's actual field of trade, the high vulnerability of the mark.
- 2) The nature of usage of the challenged and well-known mark.

For registration of well-known mark in terms of procedure in India, there is none. Yet there are companies which have registered their marks as a well-known mark by paying money which are mentioned in a list on the official site i.e. Controller General of Patents, Designs & Trademark. This does not mean that the marks which are not registered under this registry will not be protected as a well-known mark.

Since India is a member to WTO, WIPO, and the Paris convention there are certain obligations that India or for that fact any member country has to follow. Sometimes, this might prove as a problem to the member companies for their domestic unregistered users who have procured a huge amount of goodwill which is why it is necessary to use the mechanism of the honest prior user. However, there is no such provision under the Trademark Act, 1999 to protect the prior honest user against a well-known mark come down to India after the prior user. The problem with this is that the honest user establishes their mark before the famous mark comes down to India and gains local goodwill as compared to global goodwill which the later famous mark establishes, but the already famous mark tries to file a suit against the existing domestic user providing for a backlash on the domestic company. A provision that comes to save a defendant for a well-known mark is that of the honest concurrent user, but this only for registered trademarks. This is where the registrar according to his discretion can allow an honest user to co-exist with a similar mark which is mentioned under section 12 of the Trademark Act, 1999.

### III. Protection Mechanism

Passing off is a remedy provided to users are not registered under the trademarks act of the respective countries. After the development of the concept of well-known marks the importance of passing off can now be seen. There are many well-known marks which are not registered in all the countries, but are

<sup>6</sup> 16(2) of TRIPs In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.

<sup>7</sup> 16(3) of TRIPs Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or Page 327 services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

protected through the provision of passing off which is a common law remedy. The Trademark Act, 1999 provides remedies for the infringement of their goods and services under section 28 for the users registered under the trademarks act. However, the legislatures have also made provision for users which are unregistered under the trademarks act. Section 27(2) allows unregistered users to file cases for passing off. It is pertinent to note that a suit of passing off can be filed by both registered and unregistered users but a suit of infringement can only be filed by registered users. Though the results of infringement cases and passing off cases would be similar, but how the result is established is different<sup>8</sup> but the ratio applied by the judiciary will differ.

The conditions which need to be fulfilled to get an injunction order under passing off is different than that of infringement cases, which are as follows,

1. There should be a misrepresentation made by the defendant.
2. The misrepresentation should be done in the course of trading.
3. It should be towards the customers of the defendant.
4. It is done to injure the business or goodwill of the plaintiff.
5. The plaintiff has suffered actual damage towards his business or goodwill

Further, the law relating to passing off can be explained through various cases mentioned below.

#### 1) **Bata India Ltd. v/s Pyare Lal and Co.**<sup>9</sup>

In this case, Bata India Ltd. had filed a case in the District of Meerut against the defendants for using the trade name 'BATAFOAM'. The defendants were engaged in manufacturing and selling of mattresses, sofas, cushions, and automobile seats. The plaintiffs were having registration against their marks for using various goods like canvas, rubber, rubber plates, and leather shoes. As a precautionary measure, the plaintiffs had registered trade name under all Indian languages including English. The plaintiffs in the district court argued that by using the plaintiff's trade name, the defendants with mala fide intention were deceiving the customers and their conducts results in dilution of the plaintiff's goodwill. The defendant denied all the allegation of the plaintiffs and argued that the business carried out by both the parties were different and not same. As a result, there was no confusion among the customers and they do not intend to deceive the customers. The district court rejecting the pleadings of the plaintiffs held that the plaintiff company did not have any registration for mattress, sofa-cushion, car seats, etc. therefore, there cannot be

<sup>8</sup>Nishka Tyagi India: Passing Off For Registered And Unregistered Trademarks' (*Khurana and Khurana*, 12<sup>th</sup> September 2018) <<http://www.mondaq.com/india/x/735760/Trademark/Passing+Off+For+Registered+And+Unregistered+Trademarks>> accessed 25 August 2019

<sup>9</sup> AIR 1985 All 242.

the action of passing off against the defendants and also, the trade name used by the defendants was 'BATAFOAM' and not 'BATA' which was not identical.

However, in appeal the Allahabad High court reversed the decision of the district court and held that there is no justification given by the defendants for using the name of 'BATA' in their 'BATAFOAM' and by using the name of the plaintiff there would be a confusion among the people which amounts to misrepresentation which would definitely affect the reputation of the plaintiff. It went on to hold that there was no paternal or any connection of the name 'BATA' with the defendants and 'BATA' is a fancy name used by a foreigner who has made his business of shoes. The plaintiff's name is well known in the market and it is bound to create confusion and deception to the general public.

The logo for Bata, featuring the word "Bata" in a stylized, red, italicized serif font.

10

## 2) **Honda motors v. Charanjit Singh & others.**<sup>11</sup>

In the instant case, the plaintiffs were the one using 'Honda' for automobiles and power equipment for a long time. The defendants were selling pressure cookers and after their application got rejected for the protection of their marks, they stopped their business. Subsequently, in 1999 the plaintiff again filed a fresh application and to grant application, they argued that though the plaintiffs had got registered their mark in 1985, the defendants were the prior users of the mark 'Honda'. They also argued that as both the parties were dealing in different business there would be no confusion or deception among the general public.

The court while passing an order in favor of the plaintiffs and granting the injunction order held that 'HONDA' being a high-class quality had its name established in the field of automobiles and if the defendants use the same name in selling pressure cookers it would create confusion among the general public that it is the business of the plaintiff. The court further held that such use by the defendants would result in the reduction of plaintiff's goodwill and reputation. The court's order was only based on 2 important reasoning i.e. deception among public and dilution of the goodwill of the plaintiffs.

The logo for Honda, featuring a stylized silver 'H' inside a rounded square, with the word "HONDA" in red capital letters below it.

<sup>10</sup> Trademark owned by Bata India Ltd.

<sup>11</sup> [2003 (26) PTC. 1 (Del.)]

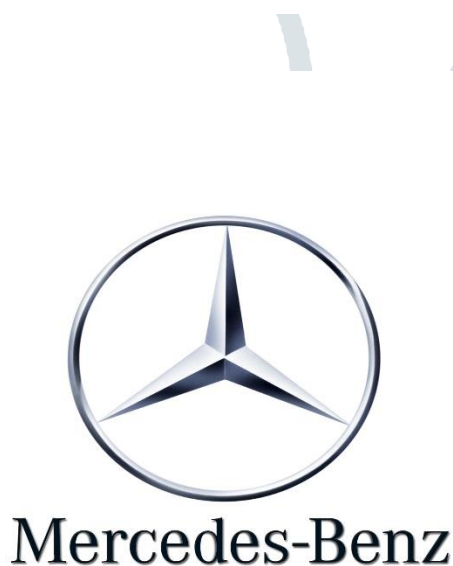
<sup>12</sup> Trademark owned by Honda Motor Company



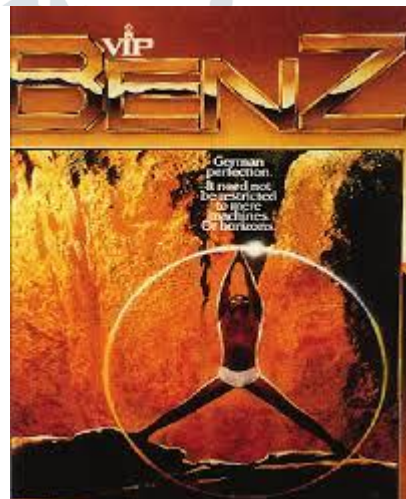
3) **Daimler Benz Aktiengesellschaft & Anr v. Hybo Hindustan**<sup>13</sup>.

In the above-mentioned case, the plaintiff was a manufacturer and sole producer of automobile called Mercedes Benz. The defendant was a seller of undergarments. The defendants used the mark of Benz to sell their undergarments and tried to increase their sales by using the mark of the world-famous Mercedes Benz. As a result, the plaintiff had filed a case against the defendants to restrain them to use their mark for selling their undergarments. The court held that there cannot be any reasons why any merchant in India would use the name 'Benz', which is the original and prior marks of the world's best and finest manufacturer of cars for using it to sell any goods, or undergarments, particularly underwear.

The court further went on to hold that, 'Benz' has a reputation all over the world and is known to almost every family that is the best quality car. Any person associated with cars or automobiles would never recognize 'Benz' with only a car. No person in India can plead before any court of law that they are not aware of Mercedes cars on roads because Mercedes have now and then merged with the TATA's and their trucks have been seen on the roads in large numbers.



14



### Conclusion and Suggestions

Well-known marks are those marks which have earned a substantial amount of goodwill in the market. As a result, no one can copy the well-known mark and gain commercial benefit out of it. Though well-known marks are unregistered most of the companies prefer to register their marks as a well-known mark in every country. In India, well-known marks are protected under the Trademarks Act 1999. Well known marks for the first time was introduced through the Paris Convention 1883 and subsequently in WIPO and TRIPS.

<sup>13</sup> [AIR 1994 Del. 239]

<sup>14</sup> Trademark owned by Daimler-Benz Company

Well-known marks when unregistered are protected through the mechanism of passing off. Some of the major cases concerning passing off of well-known trademarks are discussed above like the BATA case, Mercedes Benz case etc. Through these cases one can understand that when someone tries to gain the commercial benefit of a well-known mark, the decisions of the courts have proved that the judiciary isn't negligent enough to allow malafide users to gain commercial benefits in the name of some other mark.

However, granting the license of well-known marks has resulted in a disadvantage to the domestic user who has through prior use developed a huge amount of goodwill in the local market. Though these domestic users have not intentionally used marks or business of a well-known mark, it has resulted in shutting down of these domestic users or they have been made to pay compensation to the owners of that respective well-known mark. In India, the legislatures have also failed to protect honest prior users. The courts have also not played a part to relieve honest prior users. They apply strict interpretation while cases of well-known marks come into the picture. They make it necessary for the defendant to prove their worth. However, the courts do agree to the defense of honest concurrent use for registered trademarks as is mentioned in Section 12 of the Trade Mark Act, 1999.

The problematic part is that a prior honest user is left helpless against a well-known mark if it isn't registered which is why we approve of our hypothesis. For this, a provision should be created for honest prior users under the Trademark Act, 1999 and other Acts in countries which govern the country's trademarks. The same provision should be used similar to that of honest concurrent use and to prove that a company is a prior honest user, the same documents should be produced as required to prove honest concurrent use. This should be created to serve justice to domestic users and give them the rights they deserve. Further, if there is an international convention which can be found or a provision under Protection of Intellectual Property can be formed for prior honest users it would be beneficial as there can be some binding source on the member countries of that particular convention which in turn would be helpful to the prior honest users.

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