

# AN ANALYSIS OF PASSING OFF ACTION AND INFRINGEMENT OF TRADEMARKS IN INDIA

Vaasawa Sharma<sup>1</sup>

<sup>1</sup> LL.M. Student, Amity University, Gurugram

## ABSTRACT

Intellectual Property Rights is the branch of law which protects the rights of creators, owners and inventors of literary work, music, inventions, trademarks, copyrights etc. It shields the exclusive rights of a person claiming the true and first owner of such work. This legislation plays a vital role to preserve the authenticity of every work. It basically covers patents, trademarks, copyrights, geographical indications, integrated circuits, biological diversity and so on. So IPR is not a concept which only exists in books of law rather it has practical applicability as well. With the advent of modern technology, IPR has gained popularity in Indian economy. This paper discusses about the law of passing off and trademark infringement in India along with landmark judgments. Trademarks are always considered a significant factor that constitutes Indian economy. Indian judiciary has delivered various landmark judgments which provided fairness to businesses as trademarks protect symbol, design, phrase or word used to distinguish different products or services. So, this paper takes into consideration all the relevant concepts related to passing off and infringement of trademarks.

**Keywords:** Trademarks, Intellectual Property Rights, Passing off, Infringement, Exclusive Rights.

## 1. Introduction

Trademark is the exclusive mark used to distinguish a specific good or service from others. It helps a particular business to build up the reputation in the market resulting in establishing a differentiated image of that business. A good trademark is always characterized by its distinctiveness and rareness. It is known as 'a salesman of good'. In the competitive market, it is very important to create a good trademark. Before the formulation of the competent legislation, the common law principles and principles of equity controlled the trademark law. Undoubtedly, Indian laws are derived from English Common Laws, so after the establishment of British Trademarks Act, 1938, India formulated the Trademarks Act, 1940. In Post-Independence era, it was amended as Trade & Merchandise Act, 1958. The said act is now known as Trademarks Act, 1999. This act not only protects the registered trademarks but it also shields unregistered trademarks and such concept is known as passing off trademarks. This act provides the conclusive

<sup>1</sup> LL.M. Student, Amity University, Gurugram

framework to the businesses and goods so that no one can deceit the public. Fraudulent copying of trademarks invites the suit of infringement against the wrongdoer. So, the said legislation is very important for the competition markets resulting in restricting the abuse of goodwill established by a particular business. As per the Trademarks Act, 1999, trademark can be defined as:

*“Trade mark” as 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...”<sup>2</sup>*

The above definition lays down the conclusive definition of trademarks which clearly says that **they are capable of distinguishing the goods or services of one person from those of others**, meaning thereby different goods require differentiated symbol or mark which is termed as trademark. Different food brands, products, goods, services have different logos which helps them to establish a particular image in the market. For example, the logo of LG clearly depicts an image in our mind so that is a trademark of that company. Any other company does not have the right to copy the said logo.

Furthermore, the Act also provided for definition of ‘mark’ as which enumerates a mark to include a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof.<sup>3</sup>

## 2. The concept of Passing off

Passing off is derived from common law principle. There are two confusing terms in relation to trademarks i.e. passing off and infringement. The major difference between the two is that the former deals with registered trademarks while the later deals with unregistered trademarks. The goodwill of a particular product or brand is protected by passing off. Goodwill is the reputation earned by a particular product or business or service. In cases, where there is an action for passing off trademarks, the remedy is unliquidated damages i.e. the damages which are not predetermined.

The principle of law of passing off is:

*“A man may not sell his own goods under the pretence that they are the goods of another man”<sup>4</sup>*

The same principle was held in the case of ICC Development (International) Ltd. V. Arvee Enterprises, that no one has a right to represent the other person’s goods as his own. The passing off cases are the result of deliberate and intentional misrepresentation but unintentional misrepresentation is not a defence.

In the case of Candila Health Care v. Candila Pharmaceutical Ltd.<sup>5</sup>, the Supreme Court of India established certain criteria to determine passing off and unregistered trademark. It was held that the extent of similarity

<sup>2</sup> Section 2 (zb) of Trademarks Act, 1999

<sup>3</sup> Section 2(m) of Trademark Act, 1999

<sup>4</sup> Manzoor Elahi Laskar, SSRN e-journal, Mar 2013

between the marks, its nature, character, the nature of goods for which the marks are used and other relevant conditions.

In 2012, Colgate Palmolive & Co. vs. Anchor Health and Beauty Care Pvt. Ltd., in the present case, the plaintiffs were running the business of tooth paste with an identifiable trade dress with red and white color but Anchor argued that there is nothing to do with color combination rather the name needs to be entirely different. So, there is no similarity between the two marks. The court observed that the trade dress of the two products is similar. The court further held that the Trademarks Act, 1999 covers trade dress protection also. Trademark is a mark used to characterize and recognize a particular product. It is irrespective of the similarity in the trade name. The court also held that while granting injunction to the plaintiff, the test should be conducted in such cases where there is confusion in the minds of the general public regarding the two similar marks.

### 3. Elements of passing off action

Basically, the rule of 'classical trinity' prevails in passing off action for trademarks. It was held in the case of Reckitt & Colman v. Borden<sup>6</sup> that misrepresentation, goodwill and damage are the essential ingredients to constitute passing off action.

#### a) Goodwill

Goodwill can be defined as the reputation gained by a business/service/goods/products etc. In simple terms we can say that such market value is earned over a considerable period of time. So, no one has the right to steal that reputation which is built by hard work and efforts. According to Lord Macnaghten, 'Goodwill is the benefit and advantage of a good name, reputation and connection of a business. It is essential criteria which helps in distinguishing one business form another. Goodwill has the power to attract the customers.'<sup>7</sup>

#### b) Misrepresentation

When the plaintiff misrepresents the goods of a person to that of another to deceive the general public, such implied conduct can be termed as misrepresentation. Using the brand name, color combination, phrase etc. of the other business gives rise to passing off action.

#### c) Damage

The plaintiff must suffer the damage from the act of misrepresentation of defendant. The notable point is that, mere likelihood of deception is sufficient to raise the cause of action.

There are many landmark judgments which elaborated the concept of passing off action and essentials ingredients were formulated.

In the case of Erven Warnik Besloten Vennootschap & Anr. Vs. Townend & Sons (Hull) Ltd. & Anr.<sup>8</sup> The House of Lords held that there are five elements which give rise to the cause of action and these are-

<sup>5</sup> 2001 (2) PTC 541 SC

<sup>6</sup> (1990) RPC 341 (HL)

<sup>7</sup> Commissioners of Inland Revenue v. Muller & Co.'s Margarine Ltd. (1901) A.C. 217

<sup>8</sup> 1979AC 731

- a) A misrepresentation
- b) Made by the businessman/plaintiff within the course of business
- c) To the customers concerned
- d) The injury which affected the goodwill of business
- e) Actual damage to the business of the plaintiff.

#### 4. Infringement of Trademarks and action against such infringement

Trademark infringement is an unauthorized use of trademark and the violation of an exclusive right of trademark owner. The cause of action for infringement may arise when the infringer (the one who infringes the right of trademark owner) uses the deceptively similar mark or confusing trademark or making a trademark which is identical to the other trademark. The aggrieved party may sue the infringer for such acts or the infringer may invite the legal proceedings.<sup>9</sup>

Infringement of trademark occurs when any person other than the proprietor/ owner of trademark uses such mark for deceiving the public or uses any fraudulent means to create confusion in the minds of the general public. Such an act of deception is the 'cause of action' for trademark infringement. **Section 29 of Trademarks Act, 1999** defines the infringement of trademark as follows:

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

(2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of-

(a) Its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or

(b) Its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark; or

(c) Its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark, is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.

(3) In any case falling under clause (c) of sub-section (2), the court shall presume that it is likely to cause confusion on the part of the public.

(4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person. Using by way of permitted use, uses in the course of trade, a mark which-

<sup>9</sup> [http://en.wikipedia.org/wiki/Trademark\\_infringement](http://en.wikipedia.org/wiki/Trademark_infringement)

- (a) Is identical with or similar to the registered trade mark; and
- (b) Is used in relation to goods or services which are not similar to those for which the trade mark is registered; and
- (c) The registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.
- (5) A registered trade mark is infringed by a person if he uses such registered trade mark, 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 trade mark is registered.

Various factors are taken into consideration while the suit for infringement is filed.

- Making similar mark which affects the business of the plaintiff
- It should not be deceptively similar mark
- The mark should not cause confusion in the minds of people
- Using similar color combination in the words or logos
- The trademark should not be against the public policy
- Such mark should not affect the religious sentiments of the public
- Infringement also includes unauthorized printing of labels and so on.

#### **5. Difference between passing off and Infringement of Trademarks:**

- Passing off action arises for registered as well as unregistered trademarks while the infringement is of registered trademark only. The former is based on common law principle which says that no one has right to use the trademark of the other trader.
- Infringement of trademark comes under the statutory right under Trademarks Act, 1999 while the passing off action is only confined to property in goodwill acquired by the use of mark.
- The aggrieved person cannot sue for unregistered trademark rather his remedy is only passing off action.
- In passing off action, the plaintiff is required to prove that his business has earned certain reputation in the market which is not the case in trademark infringement.
- In case of trademark infringement, the plaintiff is restrained from using such deceptively similar mark while in passing off the plaintiff is restrained from selling such articles.
- The similarity in trademark is enough proof to constitute infringement of trademark while in passing off the confusion in the minds of public is essential.
- In passing off action, the defendant can escape from his liability if he proves that his goods are different from that of the plaintiff but in a suit for infringement, the plaintiff needs to prove that the

defendant's mark is visually or phonetically similar to his trademark. If there is an imitation, the court considers it as a conclusive proof of infringement of plaintiff's right.<sup>10</sup>

## 6. Conclusion

There is a well-established demarcation between passing off and infringement of trademarks. The rights of the proprietor need to be protected from the actions of copycats. The protection of trademark is not only important for traders but it is also essential for consumers as well. The said legislation protects the public from such deception, fraud and misrepresentations. We need to trust on authenticity of the product or services which we are buying or consuming. IPR not only protects the interest of the businessmen but it also ensures the protection to the general public. The exclusiveness of the goods or services needs to be maintained. The scope of passing off is wider than infringement of trademarks, so it is better to sue for both the actions together. If one issue fails, the other issue prevails in the court of law. The Trademarks Act, 1999 provides the common law remedy and protects both the registered and unregistered trademarks from being misused.

## References

Kailasam and Vendaraman's : the Law of Trademarks and Geographical Indications

P. Narayanan : Law of Trademarks and Passing off

D.P. Mittal : Trade Marks Passing off and Geographical Indications of Goods Laws relating to Copyrights, Patents, Trade Marks and GATT

Dr. B.L.Wadehra : Law Relating to Intellectual Property

V K Ahuja : Law Relating to Intellectual Property Rights Intellectual Property Rights in India

Meena Paul : Intellectual Property Laws

www.manupatra.com

www.indiankanoon.org

www.vakilno1.com

www.delhihighcourt.nic.in

<sup>10</sup> <https://www.clarkwillmott.com/legal-services/intellectual-property-lawyers/passing-off/#:~:text=What%20is%20the%20difference%20between%20trade%20mark%20infringement%20and%20passing%20off%3F&text=The%20key%20difference%20is%20that,to%20their%20goods%20and%20services.>