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With this thought, we hereby present to you

# **WELL-KNOWN TRADEMARKS AND PASSING OFF: AN ANALYSIS OF LEGAL PROTECTION IN INDIA**

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## **1. INTRODUCTION**

Trademarks are equally important in contemporary business since they allow the consumers differentiate between the goods and services provided by various undertaking. The essence of trademark is that as companies grow and operate across borders, some trademarks attain a status which is in effect international. These are called “well-known trademarks” and they are afforded special protection by the law on trademarks. The notion of well-known trademarks has emerged and grown gradually in India over the few decades through amendments to the legislation and case laws.

This research paper focuses on the law concerning famous well-known trademarks in India special reference to the common law tort of Passing Off. This paper brings out the evolution of trademark law in India, a critical discussion of the legal provisions and jurisprudence on well-known trademarks, and a discussion of the possibilities of protection through passing off. This paper also presents recent activities in this branch of the legal system and existing problems connected to it.<sup>1</sup>

There is need to protect well-known trademarks to avoid compromise on the goodwill of businesses and to prevent customers from being misled. At the same time it poses many questions connected with the conflict of interests of trademark owners and the principle of fair competition. The present paper intends to make a detailed discussion on how Indian law has dealt with these conflicting interests in relation to trade marks and passing off actions.

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<sup>1</sup> According to Section 2(1)(zg) of the Trade Marks Act, 1999, a "well-known trademark" is one that has gained recognition among the sizable portion of the public that purchases such products or obtains such services.



## **2. HISTORICAL DEVELOPMENT OF TRADEMARK LAW IN INDIA**

The British trademark law served as the model for Indian trademark law. Prior to 1940, no Indian statute or legislation pertaining to trademarks had been created. Only common law principles provided the protection. The Trade Marks Act of 1940, which addressed trademark registration and protection, was the first significant piece of legislation passed, according to the historical evolution of trademark law. The Trade and Merchandise Marks Act of 1958 took its place.

The Trade Marks Act, 1999, which went into effect in 2003, caused a significant change in trademark law. The statutory recognition of well-known trademarks was clarified by this Act, which also brought about other significant improvements. A number of processes related to trademark registration and protection have also been abolished under the Trade Marks Rules, 2017.

Some key milestones in the evolution of trademark law in India include:

- 1940: First Trade Marks Act enacted
- 1958: Trade and Merchandise Marks Act passed
- 1995: India becomes signatory to TRIPS Agreement<sup>2</sup>
- 1999: New Trade Marks Act introduced
- 2003: Trade Marks Act, 1999 comes into effect
- 2017: New Trade Marks Rules notified<sup>3</sup>

In India the law of trademark has evolved with the help of international conventions like Paris convention and the TRIPS Agreement. Indian courts have also contributed to formulating the trademark jurisprudence through its some of the most important decision making.

## **3. CONCEPT OF WELL-KNOWN TRADEMARKS**

Even when used in relation to entirely different products and services, it might be seen as a brand that has profited from form recognition and is so entitled to trademark protection. This is justified by the argument that additional unauthorized uses of these marks might dilute them and harm their reputation.

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<sup>2</sup> The Trade Marks Act, 1999

<sup>3</sup> The Trade Marks Rules, 2017

The 1883 Paris Convention for the Protection of Industrial Property is when the idea of well-known marks first appeared. The convention's Article 6bis mandates that member nations refrain from registering or using well-known marks that look like them.

The protection of well-known marks was further strengthened under the TRIPS Agreement. According to TRIPS Article 16.2, when determining which trademarks to use, members must also take into account how well-known the trademark is in the relevant public segment.

**Some key characteristics of well-known trademarks are:**

- High degree of consumer recognition
- Extensive use and promotion
- Reputation that transcends national borders
- Protection even for dissimilar goods/services
- Higher threshold for proving infringement

Reputation is not eternal, so hallmark is to become stabilized based on the proof of reputation at the certain point of period period. There are differences with regards to the criteria used in the different states to ascertain well-known status.

#### **4. LEGAL FRAMEWORK FOR WELL-KNOWN TRADEMARKS IN INDIA**

Particular provisions pertaining to well-known trademarks are included in the Trade Marks Act of 1999:

According to Section 2(1)(zg), a well-known trademark is defined as follows: "A mark that has effectively come to be associated with the segment of the public that uses or receives such goods or services is likely to be interpreted as indicating a connection in the course of trade or service rendering between such other goods or services and a person using such mark in relation to the first mentioned goods or services."<sup>4</sup>

The following criteria are outlined in Sections 11(6) to 11(9) to determine whether a mark is well-known:

- The mark's awareness or acceptance in the relevant public sector

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<sup>4</sup> The Trade Marks Rules, 2017

- The length, scope, and geographic region of the mark's use and promotion
- Documentation of effective rights enforcement in the mark
- Value associated with the mark<sup>5</sup>

No mark that is identical or similar to a well-known mark may be registered for goods or services that are not comparable to those for which the mark is well-known, per Section 11(2). Rule 124 was inserted in the Trade Marks Rules, 2017 to provide for the method to apply for examination of a trademark as being well-known. Key features include:

- Application can be filed by trademark owner with prescribed fee
- Registrar to consider criteria under Section 11(6) to 11(9)
- The Trade Marks Journal publishes well-known marks.
- The Rules also provide the Registrar the authority to decide a mark is well-known on their own.

## **5. JUDICIAL INTERPRETATION OF WELL-KNOWN TRADEMARKS**

This paper studies the judicial decisions of the Indian courts regarding well-known trademarks as provided under the statutory legislation. Some key principles that emerge from judicial precedents are:

- **Trans-border Reputation:** In *N.R. Dongre v. Top level Decease established by Whirlpool Corporation v. Hostile Burger*, (1996) SC Supreme Court accept trans- border reputation that mean a mark can get reputation in Indian even without using or register in India.
- **Criteria for Well-Known Status:** In *Rolex SA v. In Alex Jewellery Pvt. Ltd.* (2009), Delhi High Court defined guidelines to be considered for pass off trademark as well-known trademark which includes extent of knowledge/recognition, period for which traders/dealers using it and extent of promotion, etc.
- **Protection for Dissimilar Goods:** The Hon'ble Supreme Court of India ruled in *Toyota Jidosha Kabushiki Kaisha Ltd v. M/s Prius Auto Industries Ltd.* (2017) that a mark must be shown to be well-known in India in order to get prolonged protection.
- **Honest Concurrent Use:** The Honorable Supreme court of India in the judgment of *So.*

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<sup>5</sup> N.R. Dongre v. Whirlpool Corporation, 1996 PTC (16) 583 (SC)

Syed Mohideen v. P. Sulochana Bai (2015) has clearly stated that honest concurrent use can very much come as a bar against a registered mark even if it is well-known.

- **Dilution:** The Delhi High Court's 2010 decision in ITC Limited v. Philip Morris Products SA is a great example of evaluating trademark dilution with reference to well-known trademarks.<sup>6</sup>

Altogether, Indian courts have appreciated the concerns of the trademark law in preventing the misuse of famous marks but at the same time have not let honest concurrent users be exploited and trademark rights be overemphasized.

## **6. PASSING OFF ACTION**

The goodwill of the unregistered trademarks is protected in this passing-off case. It is based on the idea that no one has the authority to claim ownership of another person's products or company.

According to Reckitt & Colman Products Ltd. v. Borden Inc. (1990), the following are necessary components of a passing-off action:

- Goodwill or reputation associated with the plaintiff's products or services
- The defendant's deception that caused confusion

### **Damage to the plaintiff**

Section 27(2) of the Trade Marks Act, 1999 categorically maintains the cause of action for passing off. It is especially helpful in protecting the well-established brands, unfortunately, may not be enough if the trademark is not registered in India, and its owners do not have any connections or outlets in the country

- It is noted that even though spillover advertising/promotion can be used in establishing reputation.
- It is not necessary to establish actual confusion, real chances of confusion are enough• can be inferred where there is blurring of the marks that otherwise are almost unique. to bring an action for passing off. This remedy is particularly important for protecting well-known marks that may not be registered in India.<sup>7</sup>

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<sup>6</sup> Jain, Tarun, "Well-Known Trademarks: Analysis of Law and Practice in India", Journal of Intellectual Property Rights, Vol. 14 (2009)

<sup>7</sup> Narayanan, P., Intellectual Property Law (3rd ed. 2017)

Some key principles relating to passing off actions for well-known marks are:

- Reputation can be established based on spillover advertising/promotion
- Actual confusion need not be proved, likelihood of confusion is sufficient
- Damage can be inferred if there is erosion of distinctiveness of the mark

Where the marks in the comparison are famous, courts have allowed claimants to assume lost control over reputation of the mark.

## **7. REMEDIES AVAILABLE**

The remedies dealt with and available under the Trade Marks Act are the civil remedies and criminal remedies in cases of passing off and trademark infringement. The key remedies available are:

- Injunction: Courts can award interlocutory and perpetual injunctions to stop passing off of the mark. Where trademark is established to be strong then courts have been found to have granted even ex-parte injunctions.
- Damages: Speaking of the kind of damage, compensatory damages can be granted to the plaintiff to offset specific loss incurred. Further sanction in legal offenses may be the punitive damages in the case of the blatant infringement.<sup>8</sup>
- Account of Profits: In lieu of damages, the defendant can be compelled to turn over gross amount derived from use of the patented invention.
- Delivery Up and Destruction: A person who infringes goods, packaging and promotional material can be ordered to deliver up for destruction.
- Criminal Penalties: The Act sanctions imprisonment up to 3 years and fine up to Rupees two lakhs for affixing false trademarks and selling any goods with false marks.

This arises where passing off relates to well-established marks which have generated aggravated damages and whereby costs are also claimed for the purpose of deterring such conduct.

## **8. CHALLENGES AND RECENT DEVELOPMENTS**

- Ambiguity of measures used in assessing nominees for well-known status
- Lack of a register of the famous marks vzdálen

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<sup>8</sup> Draft National IPR Policy, Department for Promotion of Industry and Internal Trade (2021)

- Challenges in building profile, particularly where the product is kept unused and registered for local purposes.
- Just distribution between owners of trademarks and bona fide concurrent users• Protecting tender from abuse under the guise of well- established status of a company.
- Implementation of mechanism for registration of well-known trademarks under Trade Mark Rules, 2017
- Preparation and release of list of well-known trademarks by the Trade Marks Registry.
- Taking into consideration the doctrine of territoriality with a view of determining the reputation of the marks in foreign territories.
- Registration of trademark dilution as a valid reason for protectionks in India include:<sup>9</sup>

The draft National IPR Policy, 2021 has proposed such measures further as the establishment of a separate cell for well-known marks and standardization of the process of its determination.

## **9. CONCLUSION**

This paper seeks to discuss the developments in protection of well-known trademarks in the Indian context in the last few decades. With the help of the Trade Marks Act, 1999 and negligence exercised through judicial practice, laws have been established which protect a well-known mark from being used and blurred by various other businesses. The remedy of passing off has remained relevant to date when used with unregistered marks.<sup>10</sup>

Nevertheless, the following questions are still open for discussion as to the criteria for awarding the status of persons who are well known; the problem of the conflict of interests of various stakeholders, and the problem of the relevance of the law in the modern world of high technologies. However, it has been highlighted that there is a scope for improvement in both simplification of the procedures and rendering certainty for the organizations.

In future, the trademark law of Indian needs to maintain the rights of the owners of the trademarks as well as the free competition in the market. Better predictability would be achieved if there were clear guidelines in determining status as a well-known mark and if there was a central registry. The law has also to grow to cover other innovations such as protection of trademarks in domain names and other social media accounts. All in all, it will be important

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<sup>9</sup> Reckitt & Colman Products Ltd. v Borden Inc. [1990] 1 All ER 873

<sup>10</sup> Rolex SA v. Alex Jewellery Pvt. Ltd., 2009 (41) PTC 284 (Del)

to adopt a balanced approach bearing in mind the commercial consequences of the process which has to fit the Indian market while seeking to meet the norms of the best trademark protection.

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