
UNIT 8 TRADE MARK LAW IN INDIA

Structure

- 8.1 Introduction
 - Objectives
- 8.2 What is a Trade Mark?
- 8.3 A good Trade Mark
- 8.4 Functions of Trade Mark
- 8.5 Registration of Trade Mark
- 8.6 What kind of Trade Marks can be Registered?
- 8.7 Trade Marks not Registerable
- 8.8 Exploiting Trade Mark
- 8.9 Infringement
- 8.10 Offences and Penalties
- 8.11 Indian Trade Mark Act, 1999: Salient Features
- 8.12 Summary
- 8.13 Answers and Hints to SAQs

8.1 INTRODUCTION

A trade mark is a **visual symbol** that distinguishes the goods or services of one enterprise from those of the competitors. A reference to *goods* will imply *services* also, unless the context prohibits it. Trade Marks are at the centre of global business today. They are the major source of product differentiation and non-price competition in a modern, market driven economy. Consumers come to associate certain value in terms of performance, durability, price, after-sales service etc in the goods sold under specific brands, which may be among the greatest assets of the enterprise.

In the language of the law, **brand names** are known as trade marks. Several products, of the same category or of different categories, can be marketed under one brand name. Recently, non-visual signs have made a strong claim for recognition as trade marks. Smell and sound signs fall under such category though they are not yet recognised in India. Several broadcasting organisations and film producers have specific signature tunes to identify their programmes.

The concept of identifying the source of manufacture by a mark is an ancient one. Signatures of craftsmen have been found engraved on goods sent to Iran from India some 3000 years ago! But trade mark gained importance after the industrial revolution when large-scale production and distribution of goods all over the world became possible and publicity through print and audio-visual media became necessary. The use of modern trade mark as a distinctive sign to indicate the origin or source of the product, carrying with it an association of high quality, goes back to the eighteenth century England, as in the case of cutlery trade. The real boost to trade mark came with Unilever. It marketed its soap under the brand Sunlight, emphasising not the product as such but the brightness that its use will bring to the clothes cleaned with it. The similarity of the products in the same market has necessitated the marking of goods by a symbol, which could distinguish one's products from similar goods made by others.

Trade Marks play a highly complex role in market driven economies, operating in the context of rapid integration of world economy. Through advertisement and other strategies, large market shares are captured by a few brands leading to concentration of market power in a few hands. If care is not exercised, a developing country may find itself flooded with foreign brands, unaccompanied by any flow of technology and

building up of national capabilities. Of course, indigenous brands are exposed to severe and unequal competition in which they have to prove themselves.

In 1940 the then British Government of India passed the Trade Marks Act for uniform and systematic registration of trade marks in India, which came into force on June 1, 1942. The Trade and Merchandise Marks Act, 1958, which came into effect from November 25, 1959, replaced it. It became necessary to effect changes in the trade mark law as India joined WTO as an original member in 1995 and it was obligatory to bring the Indian law in consonance with TRIPS. Hence new Trade Mark Act, 1999, repealed the old Act.

The Act of 1999 makes important departures from the Act of 1958 in two important respects:

- Shape of goods is recognised as a trade mark; and
- Trade Marks are now granted for services also, besides goods.

Goods is defined as anything which is the subject of trade or manufacture. *Service* means service of any description offered to users. Banking, finance, insurance, transport, energy supply, construction, hotels, entertainment, information and broadcasting etc. are all examples of areas where services are offered in connection with business, industry or commerce. Definition of service is meant to be all subsuming.

The Registration of Trade Marks is done in Mumbai where the Trade Marks Registry is situated. There are branch offices of the Registry at Calcutta, Delhi and Chennai with separate jurisdictions.

Objectives

After studying this unit, you should be able to:

- explain the meaning of trade mark;
- understand the philosophy of trade mark;
- distinguish between what kind of trade marks can be registered and what cannot be;
- explain the procedure for registration of trade mark; and
- highlight the characteristic features of Indian Trade Mark Law.

8.2 WHAT IS A TRADE MARK?

A trade mark, as currently recognised in India, is a visual symbol (in the form of a word, a name, a device, a symbol, or a label) which identifies any merchant's or manufacturer's goods or services and distinguishes them from similar goods or services of competitors in the trade. It may include shape of goods, their packaging and combination of colours. The Act makes a distinction between a *trade mark* and a *well-known trade mark*. If a substantial segment of public associates a trade mark with a particular class of goods and services, and if this trade mark is used for other goods or services, and the public is inclined to associate the new goods/services with the earlier goods/services, then the mark is a well known trade mark. If the proprietor of a trade mark is *an association of persons*, who do not make a partnership within the meaning of the Indian Partnership Act, 1932, the trade mark is called a **collective mark**. A special class of trade marks is termed as **certification trade marks**. These trade marks do not indicate the origin of the goods, but are certified by the proprietor of the mark as conforming to certain characteristics, like quality, ingredients, geographical origin etc. Agmark used for food items in India is a certification mark.

A trade mark is a sign used on, or in connection with the marketing of goods. Saying that the sign is used *on* the goods means that it may appear not only on the goods themselves but also on the container or wrapper of the goods. Saying that the sign is used *in connection with the marketing* of the goods refers mainly to the appearance of the sign in advertisements (in newspaper, on television, etc.) or in the windows of the shops in which the goods are sold. Where a trade mark is used in connection with services, it may be called **service mark**, e.g. service marks used by hotels, restaurants, airlines, tourist agencies. The worth of a trade mark may amount to huge sums. According to Business Week/Interbrand's Annual Ranking of the 100 Best Global Brands, 2003, the value of the brand name "Coca-Cola" is estimated to be \$70 billion and that of "Nescafe" \$12 billion!

A person who sells his product under a particular trade mark acquires an exclusive right to the use of the mark in relation to those goods. Such a right can be registered under the new Trade Mark Act 1999, which repealed the Trade Mark and Merchandise Marks Act 1958. A registered trade mark can be protected against unauthorised use by others by an action for infringement. An unregistered trade mark can also be protected against unauthorised use by others by an action of *passing off*. A trader is guilty of passing off, if he attempts to pass off his goods by misrepresentation that leads the consumer to believe that the goods are the same as those of another better-known trader in those goods. For example, using Coco Cola to cause confusion with Coca Cola is an action of passing off.

SAQ 1

*Spend
5 min.*

How is a well known trade mark different from a trade mark?

SAQ 2

Which of the following statements are true?

- a) A trade mark distinguishes the goods of the owner of the trade mark from similar goods of competitors in the trade.
 - b) Trade Marks are the same as brand names.
 - c) A certification trade mark distinguishes the goods of the owner of such trade mark from similar goods of other suppliers in the trade.
 - d) A certification trade mark guarantees that the goods conform to certain characteristics like quality, ingredients etc.
-

8.3 A GOOD TRADE MARK

A trade mark should be distinctive. Distinctiveness may be inherent or acquired. An invented word may be inherently distinctive as a trade mark e.g. RIN. Other trade marks may have acquired distinctiveness through usage e.g. TATA, Reliance, Revlon. Most brands acquire distinctiveness through use. A brand may depend on the class of goods e.g. Hawkins and Prestige are two distinctive brands in pressure cookers. If the trade name is a word, it should be short and easy to spell, pronounce and remember; if it is a device it should be expressible in a word. The word should be an invented word. Zen, Avon, RIN, Flex are all fine examples. The mark can be denied if it is not considered distinctive. A trade mark consisting of parts of a chain wheel and chain to cover a business in chains and chain wheels is not considered distinctive. However, distinctiveness alone is not sufficient for registration of a trade mark. It may also depend on whether other traders, without any improper motives want to use the same mark.

8.4 FUNCTIONS OF TRADE MARK

A trade mark performs five main functions:

- (a) To identify the origin or source of goods and services and distinguish them from similar products or services of other enterprises. Trade Marks facilitate the choice to be made by the consumer when buying certain products or making use of certain services.
- (b) To signify that all goods bearing the same trade mark have a single source.
- (c) To signify that all goods bearing the same trade mark are of the same quality. However, it is to be understood that there is no legal obligation on the trade mark owner to maintain a specific quality. In fact the House of Lords, UK has approved application of some trade mark to products of different quality in different countries. The brand owner is free to enhance or reduce the quality of the product. The check against deterioration of quality lies with the consumer. If a brand does not give at least the quality that the consumer associates with it, she will switch on to another brand. However, the brand owner is bound to offer the quality features as declared under trade description.
- (d) To serve as the principal instrument in advertising and selling of goods and services.
- (e) A fifth function, particularly in the case of registered trade marks, has acquired importance over the years, viz. to protect the trade and business interests of the owner of the brand, as also the goodwill associated with the brand, in case of infringement of trade mark.

*Spend
3 min.*

SAQ 3

Does a trade mark guarantee a minimum quality of goods? Discuss.

8.5 REGISTRATION OF TRADE MARK

In India an office of the Registrar of trade marks has been established for the maintenance of the Trade Mark Registry. Controller General of Patents and Designs is also the Registrar of Trade Marks. The Register of Trade Marks contains the record of all registered trade marks, with names, addresses and description of proprietors and users, assignments and transmissions, and conditions and limitations and the name of registered users.

Any person who claims to be a proprietor of a trade mark can apply to the Registrar of Trade Marks for its registration. The application may be made in the name of an individual, partners of a firm, a Corporation, any Government Department, a trust or joint applicants claiming to be the proprietor of the trade mark.

Application

1. Application in the prescribed form has to be filed in the office of the Trade Mark Registry within whose territorial limits the principal place of business in India of the applicant, or the first applicant in the case of joint applicants, is situated. The Registrar is required to classify goods and services in accordance with the international classification for registration of trade marks. A single application is sufficient for registration of a trade mark for different classes of goods and services; however, the fee is payable for each class separately.

2. Every application for registration of a trade mark shall contain a representation of the mark in the place provided in the form for the purpose. Five additional representations of the mark have to be supplied with the application.

The application can either be accepted completely or accepted subject to amendments or rejected. It is possible that an application is accepted and later, before registration, the acceptance is found to be in error. In such a case the Registrar, after hearing the applicant, may withdraw the acceptance.

Advertisement

Soon after acceptance, the application is advertised in the Trade Marks Journal to provide the public an opportunity to oppose the registration. Any person may, within three months from the date of the advertisement or within such further period not exceeding one month, give notice in writing to the Registrar of opposition to the registration. When the procedure for registration, including the opposition, if any, is satisfactorily complete, the Registrar is mandated to register the mark.

Time Period

The registration of a trade mark is for a period of ten years, but it may be renewed from time to time indefinitely.

SAQ 4

*Spend
5 min.*

An applicant wants to apply the same trade mark on three different classes of goods. How many applications does he have to file and where for getting the trade mark registered?

SAQ 5

What is the term for which the registration of trade mark remains valid? How is a trade mark different from a patent in respect of the time period which the registration confers in the two cases?

8.6 WHAT KIND OF TRADE MARKS CAN BE REGISTERED?

A trade mark which consists of at least one of the following essential characteristics can be registered.

- a) The name of a company, individual or firm represented in a particular or special manner;
- b) The signature of the applicant for registration;
- c) One or more invented words;
- d) One or more words having no direct reference to the character or quality of the goods except the exceptions listed in the next section;
- e) Any other distinctive trade mark; and
- f) A trade mark which has acquired distinctiveness by use over a prolonged period of time.

A part of trade mark can be registered separately in addition to a whole trade mark if it satisfies the requirements of registration of a trade mark. The Act also provides for

registration of the same or similar trade mark by more than one proprietors in the case of honest concurrent use or other special circumstances.

8.7 TRADE MARKS NOT REGISTRABLE

The Act debars a trade mark from registration if it is not distinctive, or consists exclusively of marks or indications which have become customary in the current language and practice. Also, mark falling in any of the following categories is not registerable:

- a mark which is identical with or deceptively similar to a trade mark already registered in respect of the same goods or goods of the same description;
- a mark the use of which would be contrary to any law or which would be disentitled for protection in a court of law;
- a mark comprising or containing scandalous or obscene matter;
- a mark comprising or containing any matter likely to hurt the religious susceptibilities of any class or section;
- a word which is the commonly used and accepted name of any single chemical element or compound, in respect of chemical substances; and
- a geographical name or a surname or a personal name or any common abbreviation thereof or the name of a sect, caste or tribe in India.

Shape trade marks attract prohibition from registration in certain conditions which may arise in a very limited number of cases, and it would be difficult in those cases to satisfy the distinctiveness criterion. A mark cannot be registered as a trade mark, if it consists **exclusively** of the shape of goods

- which results from the nature of goods themselves. For example, shape of an apple used for apples or their packaging;
- which is necessary to obtain a technical result. An exclusively technical shape will be the one if no other shape will perform its function;
- which gives substantial value to the goods. There may be difficulty in interpreting this provision.

The word *exclusively* is to be noted here. If a mark has a shape of any of the descriptions given above but has other additional features, it could be considered for registration subject to other essential qualifications for a trade mark. Also, an unregistered trade mark can continue to have a shape of a description that makes it ineligible for registration.

There are also relative grounds for refusal of registration.

If a trade mark is identical with an earlier trade mark, or if it is similar to an earlier trade mark and covers identical goods and services so as to cause confusion in the mind of the public, it will not be registered.

If a trade mark has similarity or identity with an earlier well-known trade mark but is sought to be applied to a different category of goods, it will not be registered, as it seeks to exploit a well known brand for an unfair advantage or may harm the reputation of the earlier, well known trade mark.

If a trade mark violates any law, in particular the law of passing off protecting an unregistered trade mark, or the law of copyright, it shall not be registered.

The Act provides for registration of same or similar trade mark by more than one proprietor in case of honest, concurrent use.

The trade mark is considered to be an incorporeal property of the owner of the trade mark. So it is assignable and transmissible as in the case of other forms of property. But considering the peculiarities of the property in trade mark, it is subject to a number of restrictions on assignability.

A registered trade mark has to be used on the goods it was applied for. If it is not used for long, it can be taken off the register on application made by any aggrieved person to the Registrar or to the Appellate Board on the ground that the owner of the trade mark had no intention to use it while registering it.

Similar and Deceptively Similar Trade Marks

The word similar is not defined in the Act. However, *a trade mark is said to be deceptively similar to another mark if it so nearly resembles that other mark as to be likely to deceive or cause confusion.* The deceptively similar mark includes not only confusion but deception also. Near resemblance is mentioned in the Act in connection with registered trade marks in the name of the same proprietor which may closely resemble each other, so as to deceive or cause confusion in the mind of a user. The Registrar may require them to be registered as associated trade marks.

The following factors are to be taken into consideration when deciding the question of similarity:

- The nature of the marks;
- The degree of resemblance;
- The nature of goods in which they are likely to be used as trade marks;
- The similarity in nature, character and nature of goods in which it is used;
- The nature of the potential class of consumers; and
- The visual and phonetic similarity.

SAQ 6

*Spend
3 min.*

A person applies for the registration of following trade marks:

- a) the word Rampur to be applied on knives;
- b) the word Collegiate for a tooth paste;

Is his application likely to succeed in each case? Discuss.

8.8 EXPLOITING TRADE MARKS

Assignment and Transmission

The registered trade mark is assignable and transmissible, in respect of either some or all the goods or services for which the trade mark is registered. The assignment or transmission of a trade mark must be in writing. Transmission means transfer by operation of law, devolution to the representative of a deceased person and any other mode of transfer other than assignment.

If assignment or transmission of a trade mark would create multiple exclusive rights in more than one person, which might deceive or cause confusion, restrictions could be

imposed on such assignment or transmission. The confusion or deception could be in relation to:

- same goods or services
- same description of goods or services
- goods or services or description of goods or services which are associated with each other.

Licensing and Registered Users

The proprietor of a trade mark can assign or licence it to a third party for use. The third party can be either a registered user or an unregistered user. If some one wants to be a registered user of a trade mark, he has to make an application in a prescribed manner jointly with the proprietor of the trade mark, to the registrar, enclosing a copy of the agreement between them stating the trade mark and the specific uses to be covered by the user, the degree of control to be exercised by the proprietor, and whether there would be any more registered users permitted by the proprietor. For an unregistered user, permitted by the proprietor, the use of trade mark shall be deemed to have been made by the proprietor and not by the person permitted by the proprietor.

The right to the use of the mark is not assignable and transmissible. Subject to any agreement between the parties, a registered user may sue for infringement as if he were the proprietor of the trade mark and make the registered proprietor a defendant in the case.

8.9 INFRINGEMENT

If a person, who is not the owner of a registered trade mark, without permission from the owner uses the same trade mark, or a deceptively similar trade mark in the course of trade, he infringes the trade mark and is liable to be sued for legal remedies by the rightful owner, or persons so authorised. No action for infringement is available in respect of unregistered trade marks; however, common law rights for action against 'passing off' are not affected.

Specifically, infringement is caused in the following cases:

- the mark is identical and is used for similar goods/services;
- the mark is similar to the registered mark and is used for the same or similar goods/services as covered by the registered trade mark;
- the mark is identical with the registered trade mark and is used for identical goods; and the mark is therefore likely to cause confusion on the part of the public.

If a trade mark has a reputation in India, the use of a mark identical with or similar to it, on goods or services which are different, constitutes infringement as such use, without due cause, would take unfair advantage of a reputed trade mark or harm its distinctive character. The Act prohibits adoption of a registered trade mark by another person as trade name, i.e. the name of an enterprise.

A suit for infringement of registered trade mark must be filed in the district court within whose territorial jurisdiction, the plaintiff (or if there are more than one such person, any one of them) instituting the suit or proceeding actually and voluntarily resides or carries on business or personally works for gain.

8.10 OFFENCES AND PENALTIES

Falsifying and falsely applying Trade Marks

A person making a registered trade mark or a deceptively similar mark is deemed to falsify a trade mark if he is doing it without the consent of the proprietor of the trade mark. Any alteration, addition, effacement of a genuine trade mark also amounts to its falsification.

A person who, without authorisation, applies registered trade mark or a deceptively similar mark to goods or services or any package containing goods is deemed to falsely apply the genuine trade mark. If any person uses any package bearing a mark which is identical with or deceptively similar to the registered trade mark for the purpose of packing, filling or wrapping any goods other than the genuine goods of the proprietor of the trade mark he is guilty of falsely applying the trade mark.

Offence under the Act is committed if a person makes, disposes of, or has in his possession, any die, block, machine, plate or other instrument for the purpose of falsifying or of being used for falsifying a trade mark:

- applies any false trade description to goods or services, or
- applies a false indication of the country or place where the goods were produced or name and address of the manufacturer, or of the person for whom they are produced.
- tampers with, alters or effaces an indication of origin which has been applied to any goods to which it is required to be applied,

The above mentioned offences shall be punishable with imprisonment for a term of minimum of six months but which may extend to three years and with a minimum fine of fifty thousand rupees but which may extend to two lakh rupees. For adequate and special reasons mentioned in the judgement, the court may impose a sentence of imprisonment for a term of less than six months or a fine of less than fifty thousand rupees.

Penalty for selling goods or providing services to which false trade mark or false trade description is applied is punishable with imprisonment for a minimum term of six months but which may extend to three years and with a minimum fine of fifty thousand rupees but which may extend to two lakh rupees.

Enhanced penalty can be imposed on second or subsequent conviction. Such offences shall be punishable with imprisonment for a term between one to three years and with fine between one lakh rupees to two lakh rupees.

A person, who represents an unregistered trade mark as a registered trade mark, shall be punishable with imprisonment for a term which may extend to three years, or with fine, or with both.

The penalty for falsification of entries in the register is imprisonment for a term, which may extend to two years, or a fine, or both.

The use of words, which may falsely suggest that a person's place of business is officially connected with the trade mark office, attracts imprisonment for a term up to two years or a fine or both.

If the person committing an offence under this Act is a company, the company as well as every person in charge of, and responsible to, the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of

the offence. A *company* means any corporate body and includes a firm or other association of individuals. Abetment of any offence is punishable as if the abettor himself committed that offence.

8.11 INDIAN TRADE MARK ACT, 1999: SALIENT FEATURES

Some major changes brought about in the law of trade marks in India by the Trade Marks Act, 1999 are summarised as under:

- a) Inclusion of trade mark for services in the definition of trade mark;
- b) A new provision for registration of Collective Marks;
- c) Prohibition of registration of certain marks which are mere reproductions of or imitations of *well known* marks;
- d) Provision for filing a single application for registration in more than one class of goods and/or services;
- e) Increasing the term of registration of a trade marks from 7 to 10 years and providing a grace period of six months for payment of renewal fees;
- f) Amplification of circumstances in which validity of registration can be contested;
- g) Vesting the final authority in the Registrar for disposing of application for registration of Certification Trade Marks;
- h) Harmonizing penal provisions of the Trade Marks Law with The Copyright Law;
- i) Provision for establishment of an Appellate Board.

Let us now summarize the points discussed in this Unit.

8.12 SUMMARY

- The trade mark is for protecting the name of the product or services rather the product itself;
- Trade mark assures the customer about the source of a product, though the quality of the product is not assured by the trade mark;
- The trade mark should be distinctive;
- Deceptively similar marks, geographical names etc. can not be registered as a trade mark;
- In India, the Trade Mark Act of 1999 is presently in force;
- The term of trade mark protection is 10 years, which can be renewed from time to time, indefinitely;
- Trade mark can be assigned or transmitted;
- Using deceptively similar marks, falsifying the mark or using unregistered mark cause infringement under Trade Mark Act; and
- The penalties against offences related to trade mark can range from fine to imprisonment.

8.13 ANSWERS AND HINTS TO SAQs

SAQ 1

As the name implies a well known trade mark is a trade mark so well known that if it is applied to other goods or services, the public would associate the new goods or services with the earlier category of goods/services

SAQ 2

- a) T
- b) T
- c) F
- d) T

SAQ 3

There is no legal obligation on the owner of the trade mark to maintain a specific quality; the quality could be enhanced or diluted. However, the check against the dilution of the quality comes from the consumer. If the brand does not offer the quality, which the consumer has come to associate with it, she switches to another brand.

SAQ 4

Only one; however, the fee for each class of goods is payable separately. The application in the prescribed form is to be filed in the office of the trade mark registry within whose territorial limits the principal place of business in India of the applicant, or of the first applicant in the case of a joint application, is situated.

SAQ 5

The registration of trade mark is valid for a period of ten years, but it may be renewed on payment of prescribed fee from time to time indefinitely. In the case of patent, the term is 20 years.

SAQ 6

- a) Rampur, being the name of a place, is likely to be refused registration.
- b) Because it is phonetically capable of causing confusion in the minds of the public with the well known Colgate brand, it can not be registered as a trade mark to be applied on tooth paste.