

9

Trademark

LEARNING OBJECTIVES

After reading this chapter, the reader will be able to

- Outline the laws of trademark act in India.
- Explain the meaning and definition of trademark.
- Explain the procedure for registration of trademark in India.
- Discuss infringement issues and remedies related to trademark.

9.1 Introduction

A trademark (TM) is the name, symbol, figure, letter, form or device adopted and used by the manufacturer or merchant in order to designate the goods that he manufactures or sells, and to distinguish them from those manufactured and sold by another, to the end that they may be known in the market as his, and thus enable him to secure such profits as result from a reputation for superior skill, industry or enterprise. This chapter discusses the laws of trademark act in India, explains the meaning and definition of trademark and the procedure for registration of trademark in India. Also discussed in this chapter are the infringement issues and remedies related to trademark.

9.2 Definition of Trademark

A trademark may be a word, symbol, logo, slogan, or any combination of it used to identify and distinguish the goods or services of one person from the goods or services of another, and act as an indicator of the source of the goods or services. Trademark is a distinctive sign of some sort that an organization uses to identify itself and its products and services to consumers in a unique way, and to distinguish the organization and its products or services from those of other organizations.

A trademark is a type of industrial property, unlike other types of intellectual property. A trademark conventionally involves a name, term, expression, logo, emblem, design, image, or a combination of those elements. There are also a range of non-conventional trademarks that include marks that do not fall within these standard categories.

9.3 Trademark Act in India

The Trademarks Act, 1999 (TMA) protects the trademarks, and a passing off or/and infringement action may challenge their breach. The act covers the remedies through the well-known passing off principles of common law. At the same time, it is in line with the universal norms and standards adopted by the Trade-Related Aspects of Intellectual Property Rights (TRIPS). The security afforded by the act is therefore reliable and safe.



The act protects a trademark in respect of goods or services on the basis of either use or registration or both elements. A trademark registration is often granted only for a fixed period of time, although it can be extended without time restriction. A trademark may therefore be protected indefinitely. The TMA protects the following as trademarks:

1. Any name (including the applicant's or predecessor's personal or surname in business or the person's signature) which is not unusual for trade to adopt as a mark.
2. An invented word or other arbitrary dictionary term or terms that are not specifically defining the essence or quality of the goods/services.
3. Letters or numerals, or any of their variations.
4. Tools such as fancy apps or monogram symbols.
5. Colour combination or even a single colour in combination with a word or device. The shape or packaging of the goods.
6. Marks which constitute a sign of three-dimensions.
7. Sound marks when represented by being graphically depicted in traditional notation or defined in words.

9.4 Trademark Offences and Penalties

There are mainly two classes of trademark offences:

1. **Falsification of trademark:** The punishment for the above offences shall be not less than 6 months of imprisonment which may extend to three years and a fine which shall not be less than ₹50,000, but may extend to ₹200,000. The court can propose a lower punishment than the minimum, only after recording adequate and special reasons for the same.
2. **Falsey applying the trademark to goods or services:** Imprisonment of not less than 1 year which may extend to three years and a fine which shall not be less than ₹100,000 but it may extend to ₹200,000. The court can propose a lower punishment than the minimum, only after recording adequate and special reasons for the same.

9.5 Use of TM on Goods/Services and Advertisements

A trademark can be recognised as an advertisement whereas an advertisement cannot be regarded as a trademark. Trademark and advertisements are effective tools in the promotion of a successful business and in turn better sells.

9.5.1 Trademark for Goods/Services

It is important to get a trademark or service mark to protect your brand's intellectual property in relation to the goods and services you provide. In conjunction with your products and services, trademarking the brand grants you exclusive rights to use the name and logo in connection with certain goods and services. This may include words, names, symbols, and designs or a combination of those things identifying your brand. The key components of the goods and services description are as follows:

1. **International class number:** Such classifications are provided in the *Nice Agreement on the Universal Classification of Products and Services for the Registration of Marks Purposes*, 10th edition, 2011. There are 45 different class codes, in which you can identify your submission. Of these



classes, 34 are for goods and 11 are for services. There are more than 11,000 listed goods and services under those groups. Choosing the international class number which best describes your product or service is crucial.

2. **Goods and services description:** You may need to describe your products and services with a detailed explanation of what you are covering under your application in connection with your brand. Using the *Acceptable Identification of Goods and Services Manual*, you can look for acceptable goods and services. Goods and services belonging to more than one class can be included on a single application, so you would then have to have several classes on your application. This will result in higher fees for applications.

Trademarking products and services is significant since it offers a few advantages:

1. **Notice to the media:** The filing for a trademark is a matter of public record, and the fact that you are the trademark owner is transparent and open to everyone.
2. **Legal presumption of ownership nationwide:** Your mark gives you ownership of the trademark rights in all states.

9.5.2 Trademark in Advertising

There are certain circumstances when you can use a trademark of another in advertising and it will be considered a fair use, an affirmative defence to the infringement of the mark. Comparative advertising is one thing. It is a 'nominative use' form. This happens when one party uses the mark of another party to refer to the proprietor of the mark or its products or services. In order to identify the mark owner or the goods and services, the use of the mark must be necessary. The user of the trademark cannot imply or suggest sponsorship, endorsement or affiliation by the mark owner.

Essentially, if you use a third-party's mark in comparative advertising in a way that does not confuse or mislead consumers and the user only uses as much of the mark as necessary for identification (for example, use of the words but not use of the same font or graphics), then this will be considered fair use. Another common example of 'nominative use' is where a distributor or retailer describes what the goods are that they are offering for sale.

A second circumstance where, under the doctrine of fair use, one may use another trademark in advertising is the use of a term in a descriptive way. The implementation must be in good faith and used with the term's primary sense. The term/trademark must be used in a way that does not function as a trademark and does not cause confusion on the part of consumers.

In advertising, another controversial area is the use of trademarks as keywords. A keyword is a concept used by the party performing an Internet search to create a query for the purpose of producing information on the subject matter being queried. Keyword advertisement is such that when a search engine is charged by an advertiser to show advertisements in response to a search engine query containing keywords chosen by that advertiser.

9.6 Protecting Domain Name as Trademarks

The rapid increase in online business and advertising prompted a growing demand for domain names (Internet addresses) that are linked to particular businesses, goods or services. The scramble to reserve domain names has caused several disputes regarding trademark infringement.

For example, some businesses that wished to use their established trademark as a domain name discovered that it had already been taken. Once a domain name has been chosen, the holder might be



able to obtain trademark protection in order to prevent others from using the name. However, trademark rights in commercial domain names are more limited than trademark rights in other areas.

9.6.1 Trademark Rights in a Domain Name

Because a 'domain name' acts as the primary indication of what is to be found on the web on a given website, it is highly desirable to have a distinctive or memorable domain name. In fact, the holder of the domain name may choose to trademark the domain name to prohibit anyone from using it. The ability to trademark a domain name is however limited.

For determining whether a domain name should receive a trademark, two threshold requirements are required which are listed as follows:

1. The domain name must be used as a trademark.
2. The domain name must be distinctive.

If neither is true, the domain name is merely an Internet address, and it is not entitled to the protection of a trademark.

9.6.2 Using Domain Names as Trademarks

It must be used as a trademark in order to obtain a trademark for a domain name. The domain name itself, in other words, must also function as the actual source identifier. Amazon.com, for example, describes the source as Amazon.com (or Amazon books). On the other hand, suppose a law firm, 'rwb.com', is merely an address on the Internet, and is therefore not entitled to the protection of trademarks. Anyone else may therefore use the letters r, w and b within their own domain names, in that order.

Distinctness of a 'domain name' under trademark laws, in general, any term, any expression, any emblem or design or combination thereof must be 'distinctive' from any other in order to be entitled to trademark protection. The same goes for domain names. For products, services or domain names, various types of marks exist including:

1. **Fanciful marks:** Words created without a dictionary definition (e.g., app: chumbo.com).
2. **Arbitrary marks:** Common terms used for unrelated products (e.g., software and computers: apple.com).
3. **Suggestive marks:** Terms suggest the underlying product (e.g., a magazine's salon.com).
4. **Descriptive marks:** Terms define the product (e.g., for health information: healthanswers.com).
5. **Generic marks:** Popular names for an object (e.g., coffee.com).

As far as the domain names are concerned, fanciful, random and suggestive marks are usually regarded as intrinsically distinctive; for example, Amazon.com, serves as a source code, and is arbitrary as distinctive. However, if a domain name uses surnames, geographical names or other common 'descriptive' terms, it is unlikely that trademark protection will be afforded, unless the owner has a special and unique distinction to show. Generic marks are never distinctive, and may never be protected by trademarks.

9.7 Trademark for Services

A service mark is the same type of device as a trademark, but service marks distinguish one company's services from another supplier's. Service marks often represent slogans. For example, a plumber's service mark may be 'The Leak Fixers', with or without a distinguishing logo.



Often, contract labels are confusing, as many of the items are bundled with services. Purchasing a vehicle; for example, may also mean you are purchasing facilities, such as maintenance or roadside assistance. Is McDonald's, for instance, a service or a product? The enterprise McDonald's is a service. Within that service, 'delivering fast food', the company could have other branded items as well. The 'Big Mac®' is a trademarked product.

The National Archives suggests that considering the customer is one way to distinguish between a product or a service. If the client asks, 'what can you make for me?', this is probably a product (they also note that digital products are included). If the customer asks, 'what can you do for me?', this is probably a service. These include consulting, delivering specialized category counselling, training and education.

9.8 Registration of Trademark for Goods/Services

The various steps involved in registration of trademark for goods/services are discussed in this section.

Step 1 – Trademark search: Many entrepreneurs fail to understand the value of a quest for a name. Bearing in mind a distinctive brand name is not a sufficient excuse enough to stop a search for a trademark. Trademark quest also allows you to know whether similar trademarks are valid, so it gives you a fair image of where your trademark stands; often it also gives you a forewarning of the possibility of a trademark action. Why waste your money later on time-consuming trademark litigation when you can opt to stop it first?

Step 2 – Filing trademark application in India: Once you are confident that the brand name or logo you have chosen is not specified in Trademark Registry India, you can choose to register the same. The first step is to file a trademark application form at the Trademark Office, India. The offices for Indian trademarks are located in Chennai, Delhi, Mumbai and Kolkata. Filing is mainly performed online today. Once the application has been received, an official receipt for future reference shall be given immediately. Moreover, you can see your application's trademark status immediately online.

Step 3 – TM examination: Once a trademark claim is filed, any inconsistencies are reviewed by the examiner. The exam could take about 12–18 months to complete. The examiner may absolutely, conditionally or objectively accept the trademark. The trademark shall be published in trademark journal if accepted unconditionally. If unconditionally agreed, the conditions to be met or the objections would be stated in the examination report and a month's time would be granted to satisfy the conditions or response to the objections. Once that response is accepted, the mark will be published in the trademark journal. If the response is not accepted, then a hearing may be requested. When the judge agrees that the trademark will be allowed to be licensed in the hearing, it applies to the trademark journal for publication.

Step 4 – TM publication: In the trademark registration process, the publication stage is integrated so that anyone who objects to the trademark registration has the opportunity to challenge the same. If no opposition is registered after 3–4 months of publication, the trademark shall proceed for registration. In case there is opposition; the registrar gives a fair hearing and a verdict.

Step 5 – Registration certificate: Following publication in trademark journal, if the application continues for trademark registration, a certificate of registration is issued under the seal of the trademark office.

Step 6 – Trademark renewal: After every 10 years, the trademark can be continuously renewed. Therefore, your registration of a logo or brand name can be protected forever.

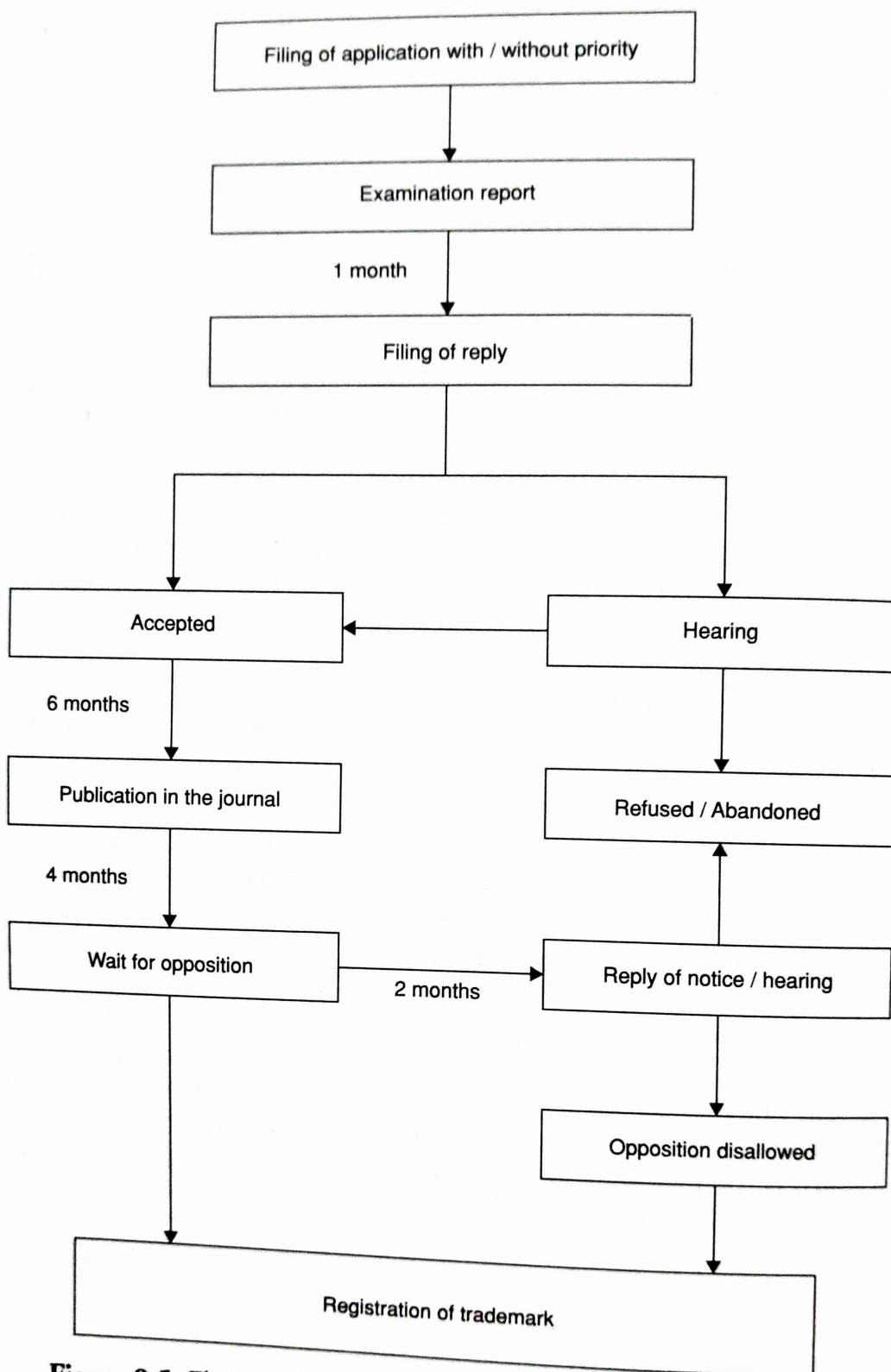


Figure 9.5 Flowchart for the process for registration of trademark.

9.9 Refusal of Trademark Registration and Passing Off: Absolute and Relative Grounds

Both absolute and relative grounds of refusal of registration and passing off are discussed in this section.

9.9.1 Absolute Grounds for Refusal of Trademark

1. These trademarks are incapable of distinguishing the applicant's goods/services from those of others; or may serve in trade to designate type, quality, purpose, value, geographical origin; or have been commonly used in the current language or established commercial practices shall not be registered. *Exception:* If, before the date of application, the mark has acquired a distinctive character by use or is a well-known mark, it shall be registered as such.
2. A mark shall not be registered as a trademark if it causes confusion or misrepresentation of the public, or it harms the religious susceptibility of the class/section of Indian citizens, or it contains scandalous/obscene matter contrary to public morality, or it is prohibited under the Emblems and Names Act, 1950.
3. Three-dimensional label or form of goods – these can be registered as a trademark. However, the act notes that a trademark shall not be registered as a trademark where it consists exclusively of the shape of the goods themselves or the shape of the goods necessary to obtain a technical result or the shape which adds substantial value to the goods – the shape should have a visual appeal for added value and should not be of a functional nature within the competence of this provision.
4. **Chemical element compound:** No term that is the name of a chemical element/compound (not a mixture) or that is licensed by the World Health Organization and notified by the trademark registrar as an international non-proprietary name/deceptively identical to those names shall be registered as a trademark. However, though the aforementioned term has gained distinction as a trademark, it cannot still be licensed as a trademark.

9.9.2 Relative Grounds for Refusal of Trademark

Except for honest concurrent use, a trademark shall not be registered if: there is a likelihood of confusion for the public because the mark being applied for is identical to an earlier mark and the goods/services of both marks are similar; or the mark being applied for is similar to an earlier mark and the goods/services of both marks are identical.

1. **Passing off or copyright infringement:** A trademark shall not be licensed if its use is precluded by the rule of Passing off or Copyright Law.
2. **Earlier trademark:** For the purposes of 'relative grounds for denial of registration' by the Indian Trademark Office, the word 'earlier trademark' applies to a registered mark or to an application for a convention (from a citizen of a country/group of countries with which India has a treaty/agreement) for which the date of application was earlier than the trademark sought.
3. **Living or recently deceased:** If a registration application relates to a trademark that falsely suggests a connection with a living person or a person who died within 20 years of the date of application, the trademark registrar may require the applicant to give written consent to that living person before proceeding with the application; or a legal representative. If that consent is not given, the registrar will refuse to proceed with the application.

9.10 Infringement and Exceptions to Infringement Action

Trademark Infringement and Remedies: A trademark infringement involves infringement of the exclusive rights attached to a registered trademark without the proper permission of the trademark owner or the licensees involved, provided that such permission has been granted within the scope of the license.

Infringement may occur when the infringer uses a mark identical to a registered mark owned by another person that the infringer uses a mark confusingly similar to that mark. The owner of such a registered mark may launch legal action against such an infringer.

No infringement proceedings can be brought against a label which is not marked as such, as it cannot be infringed. Instead, the owner may initiate proceedings under common law for a dismissal or misrepresentation suit, or the legislation prohibiting unfair business practices. For certain countries, the violation of fair dress can also be enforceable. The declaration that the infringing mark is identical or deceptively similar to the registered mark is sufficient to determine the infringement of a registered mark, and no further proof is needed. The following remedies are available to a trademark owner for unauthorized third-party use of its imitation:

1. A passing action for an unregistered trademark.
2. An infringement action for a registered trademark.

Both of these actions differ considerably from each other. The infringement case is a contractual remedy while a dismissal case is a common law remedy.

Note: Only a criminal case can be lodged in the event of a trademark infringement/passing off. Cognisable the offenses under the Trademarks Act, 1999, and thus the police have the power to register a FIR and directly prosecute the offenders.

Following are some of the civil remedies in trademark:

1. Injunction/stay against the use of the trademark.
2. Damages can be claimed.
3. Accounts and handing over of profits.
4. Appointment of local commissioner by the court for custody/sealing of infringing material/accounts.
5. Application under Order 39, Rules 1 and 2 of the Civil Procedure Code (CPC) for grant of temporary/ad-interim ex-parte injunction.

The courts may grant injunction and also, may direct the relevant authorities to hold back the infringing material or its shipment, or it may suppress its disposal in any other manner so as to protect the interest of the owners of the relevant intellectual property rights.

Multiple Choice Questions

1. Trademark law protects
 - (a) words, symbols or devices that differentiate goods or services from one another.
 - (b) only brand names.
 - (c) names of specific people and places.
 - (d) inventions that feature some sort of utility function.
2. Which statement is correct about trademarks?
 - (a) reduces search cost.