



# BLIND FOLD LEGAL JOURNAL

VOLUME-3 ISSUE-2

{Sep 2023 - Nov 2023}

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Website: - [www.blindfoldjournal.com](http://www.blindfoldjournal.com)

**“TRADEMARK INFRINGEMENT AND PASSING OFF IN INDIA”**

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**ABSTRACT**

The following paper explores the principles of passing off and infringement actions as outlined in the Trademarks Act, 1999. It details the acts that qualify as passing off and trademark infringement, the available remedies, the parties eligible to initiate legal proceedings and those subject to legal action, as well as the defenses applicable in cases of trademark violation. The paper also delves into the considerations in passing off and infringement actions, accompanied by various judicial decisions rendered by Indian Courts.

**KEYWORDS-** Trademark, Trademark Infringement, Passing Off

**INTRODUCTION**

The protection of a trademark is crucial not just from a business perspective but also for safeguarding consumers from fraud and deception. The Trademark Act of 1999, both in its wording and intent, emphasizes the encouragement of fair trade and the promotion, rather than hindrance, of competition. Simultaneously, it underscores that no one, particularly a trader, is justified in undermining or endangering another's business through fraudulent, deceitful, tricky, or unfair methods of any kind. This explicitly prohibits the exploitation of one dealer trading on the established good name and reputation of another.

A trademark, concerning goods, serves as a means of communicating to the general public and, more specifically, to consumers, information about the origin and quality of those goods. As a result, it establishes a reputation over time in the course of business. Thus, the concept of a trademark is fundamental for a business as it distinguishes it from others. A well-crafted trademark often serves as the most effective advocate for a product, representing not only a visual symbol of goodwill but also a mark of quality. Business owners who have invested substantially in

establishing their brand will seek to safeguard it from misuse by unscrupulous competitors.

The initial Trademark legislation was instituted in India in 1940; however, before its enactment, the safeguarding of trademarks in the country relied on common law principles rooted in English legal precedents. The legal framework concerning the protection of this type of industrial property is intricate and intricate. Under common law, the safeguarding of a business's reputation represented by a mark is achievable solely through a Passing off action. Subsequent to the implementation of the Trade Marks Act of 1999, the registration of a trademark confers statutory rights, and any minor infringement of it can lead to a legal action for infringement. Nevertheless, even unregistered trademarks receive protection, as the Act explicitly provides that a remedy for passing off is available for unregistered trademarks.

### **TRADEMARK**

A trademark is a distinctive sign or symbol that identifies and distinguishes the goods or services of one business from those of others. It can take various forms, including a word, phrase, logo, symbol, design, or a combination of these elements. Trademarks serve to protect the reputation and goodwill associated with a particular brand and help consumers identify and choose products or services they trust.

Registering a trademark provides legal protection and exclusive rights to the owner, allowing them to prevent others from using similar marks in a way that could cause confusion among consumers. Trademarks play a crucial role in branding, marketing, and building brand recognition in the marketplace.

#### **Types of Trademarks:**

- **Word Marks:** Consist of words or a combination of words.
- **Design Marks:** Include logos, symbols, or any other visual design.
- **Combination Marks:** Combine both words and designs.
- **Service Marks:** Specifically identify services rather than products.
- **Collective Marks:** Used by members of an organization or group to identify their goods or services.
- **Certification Marks:** Certify characteristics of particular goods or services concerning origin, material, and mode of manufacture, quality, accuracy, or other features.

- Benefits of Trademarks:
- Brand Recognition: Trademarks help consumers easily identify and remember brands.
- Legal Protection: Registration provides legal rights and remedies against unauthorized use.
- Business Asset: Trademarks can be valuable business assets and contribute to the overall value of a company.
- Market Positioning: Strong trademarks can help a business stand out in the market.

### **INFRINGEMENT OF A TRADEMARK**

Section 27(1) of the Trademarks Act, 1999 stipulates that an individual is authorized to initiate legal proceedings to prevent or recover damages for the infringement of a registered trademark. Infringement occurs when another party employs a trademark that is identical or deceptively similar to a registered trademark for goods or services that are the same or similar, causing confusion among the public. The right to bring an infringement action against the defendant is granted by Section 28 of the Trademarks Act, 1999. According to Section 28 of the Act, the registration of a trademark bestows upon the proprietor an exclusive right to use the trademark concerning the goods and services for which it is registered and to seek redress for any infringement of the trademark.

The instances where the acts constitute trademark infringement are as follows:

- a) **Taking substantial feature of the mark:** Infringement of a mark occurs when another trader uses one or more of its essential features, even if they use the entire mark upon or in connection with their goods.
- b) **Additions:** Infringement includes the addition of extraneous matter, and inconspicuous additions also constitute infringement. If an individual uses the whole or part of a registered trademark belonging to another, the addition of other elements or material does not exempt them from the accusation of infringement.
- c) **When a mark is copied:** if the defendant absolutely copied the mark and made a facsimile representation of it, no further evidence is required. When the similarities are so close as to make it impossible to suppose that such marks were devised independently of each other, in absence of evidence of common origin, the conclusion that one party copied the mark of another.

- d) **Marks likely to cause confusion:** Confusion is likely to arise when consumers are inclined to be perplexed or misled by the marks used by two parties. The plaintiff needs to establish that, due to the similarity of the marks, a considerable number of consumers are prone to confusion or misunderstanding about the source of the products bearing these marks. If the defendant's trademark introduces visual, aural, and conceptual similarities causing confusion among the public regarding its origin, the mark is considered infringing. Moreover, if the association between the marks causes the public to mistakenly believe that the respective goods originate from the same or economically linked entities, confusion is anticipated.
- e) **Use of reconditioned or second articles:** Using the plaintiff's mark on reconditioned goods may amount to infringement, even if it is clarified that the goods are not original but have been reconditioned.
- f) **Printing of labels:** Unauthorized printing of the plaintiff's labels will amount to infringement. Furthermore, if there is a subsisting copyright in the labels, it will also constitute copyright infringement.
- g) **Goods manufactured by third party would constitute infringement:** When the owner of a trademark has goods produced by a third party under a contract exclusively for the mark, the sale of such goods by the manufacturer to another person would be considered infringement.
- h) **Marks used along with other's marks:** Infringement occurs when the defendant prominently displays the plaintiff's mark alongside their own name.
- i) **Similar marks in medicinal products:** In cases involving medicinal products, even minimal similarity in marks causing confusion about the source of drugs or medicinal preparations by the defendant would constitute infringement.
- k) **Marks with international reputation used unauthorized:** For marks with international reputation, a legal action to protect against unauthorized use is valid, even if the trademark owner does not engage in any business activities in India.

### **Who can sue for infringement?**

The plaintiff in a trademark infringement suit can be either:

1. The owner of the registered trademark or their legal successor.
2. A registered user of a trademark provided there is a prior notice to the registered proprietor and subsequent inaction against the infringer.
3. An applicant seeking trademark registration, with the right to file an infringement suit if the trademark is registered before the suit is heard.
4. Legal heirs of a deceased trademark proprietor.
5. Any one of the joint proprietors of a trademark.
6. A foreign proprietor of a trademark registered in India in the event of infringement within India.

### **Who can be sued?**

1. The individual who directly engages in actions leading to infringement, uses, or plans or threatens to use a trademark infringing the plaintiff's rights.
2. The employer accountable for the actions of their employee resulting in infringement. For instance, an employee involved in producing counterfeit labels is considered a servant, and the master who orders the creation of such labels is the one to be sued.
3. Agents acting on behalf of the infringer.
4. Directors and promoters of a limited company cannot be included as co-defendants unless they have personally engaged in or directed infringing activities.

### **JURISDICTION**

A lawsuit for infringement or passing off must be initiated in a court that is not lower than a District Court with the authority to adjudicate on the matter. The District Court with jurisdiction comprises a District Court within the geographical boundaries where, at the commencement of the suit or



other legal proceedings, the individual initiating the suit or other legal proceedings, or if there are multiple individuals, any of them who:

- a) Resides there voluntarily and in actuality,
- b) Conducts business, or
- c) engages in employment for financial gain,
- d) can bring legal action against the defendant.

### **LIMITATION PERIOD**

According to the Limitation Act of 1963, the timeframe within which a lawsuit for trademark infringement must be filed is three years from the date of the infringement. In cases where the infringement is ongoing, a new basis for legal action emerges each time an infringement takes place. For instance, a persistent sale of infringing articles would result in a new cause of action.

### **Predicaments in Infringement suits:**

The questions that arise in an infringement action include:

- a. Whether the plaintiff has the right to initiate legal proceedings, i.e., whether they are the proprietor of a registered trademark?
- b. Whether the use or intended use of the mark by the defendant constitutes an infringement of the registered trademark?
- c. Whether the defendant has successfully proven one or more of the defenses they have raised?
- d. In the event of the plaintiff's success in the lawsuit, what remedies are they entitled to?
- e. Whether the plaintiff is eligible for any interim relief?
- f. Whether there has been a documented instance of deception and confusion among the public?

### **PASSING OFF**

The concept of passing off, a form of tort has evolved over time. Initially confined to misrepresentations of one's goods as those of another, it later expanded to encompass business and services. Further extensions included its application to professions and non-trading activities. In contemporary times, passing off is invoked in various instances of unfair trading and competition where the actions of one entity result in damage or harm to the goodwill associated with another person's or group's activities.

The law of passing off comes into play whenever there is a potential for confusion between marks or get-up, or when there is a likelihood of identity confusion due to the unauthorized use of similar marks or get-up. Since the central consideration in passing off is the likelihood of deception or confusion, it can be employed to safeguard any distinctive name, mark, logo, or get-up utilized to identify a company or business, along with its products or services.

Passing off action is based on common law principle. The damages claimed for an action for passing off is “un-liquidated damages”. The action against passing off is based on the principle that “a man may not sell his own goods under the pretence that they are the goods of another man.”

### **REQUIREMENTS FOR ESTABLISHING A PASSING OFF CLAIM**

1. **Goodwill** - The plaintiff is required to demonstrate the existence of goodwill or reputation associated with the goods and services they provide. This goodwill should be established in the minds of the purchasing public, who, through the identifying get-up, associate it with the distinctive nature of the plaintiff's goods or services.

Goodwill, in this context, represents the advantage and benefit derived from a name and get-up, serving as the compelling force that attracts business. A passing off action serves as a remedy for the infringement of a property right in the business or goodwill, susceptible to harm due to any actionable misrepresentation, not necessarily in the name or get-up itself. It is crucial to note that goodwill doesn't need to be established in the minds of every member of the relevant public; instead, it should be significant within a substantial section of it. Generating a reputation among only a few individuals is insufficient; there must be a considerable number of potential customers, though not necessarily a majority.

The grounds for a passing off action exist when there is a genuine risk of harm to the goodwill of a business or trading activity. Hence, the plaintiff must establish the goodwill in their business, goods, or services, which the trade or public is likely to associate with the defendant's activities.

2. **Damage**- The plaintiff needs to establish either actual harm or, in a quia timet action, the likelihood of experiencing damage due to the mistaken belief fostered by the defendant's misrepresentation that the origin of the defendant's goods or services is identical to the source of those provided by the plaintiff. In a passing off action, damage is automatically presumed, even if there is a mere likelihood of deception.

3. **Misrepresentation**- The plaintiff is required to establish that the defendant has engaged in a



misrepresentation to the public, leading or likely to lead the public to believe that the goods or services being offered by the defendant are the same as those of the plaintiff.

Since the foundation of a passing off action rests on the false representation by the defendant, it is essential to demonstrate, as a factual matter in each case, that such misrepresentation occurred. The defendant's use of the mark, name, or get-up in connection with the goods must convey a representation that these goods belong to the plaintiff or originate from the plaintiff of a specific class or quality. Furthermore, the defendant's use of such mark, name, or get-up must be intentionally deceptive in nature.

### **ATTRIBUTES OF PASSING OFF CLAIMS**

The following traits can be ascribed to a passing off action:

- a. **Fraudulent intent is not a prerequisite:** It is not necessary for the plaintiff to prove fraud on the part of the defendant in a passing off action. In a case where the Delhi High Court granted an injunction against the use of the trademark "Horlioks," it was held that "the use of the offending mark by the defendants to imitate the plaintiff's trademark seems to be a blatant and flagrant attempt to deceive unsuspecting purchasers and exploit their goodwill to pass off their goods as those of the plaintiff. The law does not permit anyone to conduct their business in a manner that would lead customers to believe that the goods belonging to someone else are his or are associated with him. In cases where there is a potential for confusion in business, an injunction may be granted even if the defendant adopted the name innocently."
- b. **Passing off extends beyond goods:** The concept of passing off, as it is properly understood, is not limited to situations involving the sale of goods. Passing off also prohibits a defendant from conducting business under a specific name, even if the defendant is not engaged in selling goods. Therefore, when a name becomes associated with a particular trade, manufacture, or business through adoption and use, the individual who has used or adopted it can seek the court's assistance to prevent others from using it in a manner that would mislead customers or the public into believing that the trade or business belongs to the person using the name.

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- c. Proof of false representation is required, but not necessarily evidence of deception: It is essential to establish, as a factual matter in each case, that the defendant made a false representation, whether explicit or implicit. The absence of actual deception does not serve as a conclusive factor. The ultimate determination of whether the deception is likely to cause confusion remains a factual inquiry for the courts to decide based on the available evidence.
- d. Plaintiff and defendant do not have to operate in the same industry: In a passing off action, it is inconsequential whether the plaintiff and the defendant engage in the same line of business or deal in different products. In cases where the plaintiff and the defendant traded in entirely different products, remedies in the form of injunction were still granted in favor of the plaintiff based on the action of passing off.
- e. Establishment of prior usage is essential: For inherently distinctive marks, ownership is determined by the precedence of using such marks. The individual who first uses the mark in the sale of goods holds the position of owner and senior user. To prevail in a case, the plaintiff must prove that they used the mark prior to the contested usage by the respondents.

#### CONCERNS IN A PASSING OFF ACTION

The matter in a passing off action can be expressed as follows:

"Would the consumers of the defendants, whether the current user or the intended user acknowledged for the action, be prone to make individuals, whether trade members or the general public, believe that the goods sold by the defendant were the creation of the plaintiff or that the business involved in its production belonged to the plaintiff or was linked to the plaintiff's business."

#### LEGAL GROUNDS FOR DEFENSE IN A PASSING OFF CASE

In a passing off lawsuit, in addition to a general denial of the plaintiff's claims, the defendant may present the following defenses in their case:

1. The defendant may establish that the plaintiff's business is either fraudulent or prohibited by law. If a specific business is proven to be fraudulent or falls under legal prohibition, and if the public policy aims to prevent it, the proprietor may not seek protection from the court in such

cases. For instance, if a trader selling counterfeit versions of sound recordings and DVDs with a well-known trademark in street markets engages in a business that is deemed fraudulent, they may not be permitted to pursue a passing off action against another counterfeiter who entered the market later.

2. A false representation inherent in the mark itself can serve as a legal and equitable defense. If a trademark is exclusively associated with a trade that is inherently fraudulent, the fraud within the trade itself, carried on by the trademark, constitutes a defense.
3. The mark in question lacks distinctiveness in connection with the plaintiff's business, and there is no likelihood of confusion due to the defendant's use of the mark.
4. The plaintiff is guilty of acquiescence, laches, etc., or the defendant has prior use of the mark.
5. The defendant's mark represents their own name, which they have the right to use. A person is entitled to conduct their business in their own name, as long as it doesn't cause confusion with another business and is done honestly.
6. The fields of activities of the parties are entirely different.
7. The defendant claims the right of concurrent use of their mark. Honest and concurrent use of a trademark, when established, constitutes a valid defense.
8. The defendant's use of the mark is a bona fide description of the character or quality of goods or services. However, the defense of the name being a 'surname' or 'personal name,' although applicable to individuals, does not extend to a corporate body.
9. Innocent misrepresentation by the defendant is also a valid defense against a passing-off action. Under Section 135(3), where the defendant proves unawareness of the existence and nature of the plaintiff's trademark and ceases to use it upon awareness, the court shall not grant relief in the form of damages or accounts of profit.
10. The defendant is using the plaintiff's mark by way of a license. Under Section 12, honest concurrent use is protected. Section 30(2)(c)(i) allows a defense based on the proprietor's express or implied consent to the defendant's use of the trademark.
11. The defendant may successfully argue that the alleged misrepresentation was made by an employee outside the scope of authority and contrary to express instructions.
12. The defendant may claim that the plaintiff has abandoned their mark, and the defendant has either sought rectification of the register for mark removal or intends to do so. The onus is on the defendant to prove abandonment.

## **CONCLUSION**

Thus, from the above discussion it can be said that protection of trademark is important not only from the business point of view but also for the protection of consumer from fraud and imposition. However, it is beneficial if combined action for infringement and passing off is brought in one suit as incorporating a plea of infringement, if the mark gets registered can always amend the plaint. But in an action for infringement alone the plaintiff may not be allowed to include a fresh cause of passing off in order to save the action. Since the scope of passing off action is wider than an infringement action, if an action fails, there is a chance of other succeeding. As stated in the preamble of the Trademarks Act, 1999, the law provides for a better protection of trademarks, the fact that the trademark law provides protection to trademarks has come out to be a reality. The present Act expressly recognizes the common law remedy and thus saves both the registered and unregistered trademarks from being misused.

## **RECOMMENDATIONS**

Addressing trademark infringement and passing off in India are as follows:

**Trademark Registration:** Register your trademarks through the appropriate authorities as registration ensures legal protection, granting the right to initiate legal proceedings against unauthorized use.

**Regular Monitoring:** Consistently monitor the market for potential infringements as timely identification of infringements facilitates prompt legal action, safeguarding your brand.

**Cease and Desist Notices:** Serve cease and desist notices to alleged infringers, this serves as an initial step to amicably resolve matters before resorting to legal proceedings.

**Enforcement of Rights:** Vigorously enforce your trademark rights through legal action when necessary as legal actions, such as filing a lawsuit for trademark infringement or passing off, are avenues to seek remedies.

**Alternative Dispute Resolution (ADR):** Explore alternative dispute resolution methods, such as mediation or arbitration. ADR offers a quicker and cost-effective approach to resolve disputes outside traditional court proceedings.

**Educate Employees and Stakeholders:** Educate employees and stakeholders on the significance of trademark protection. Awareness minimizes the risk of unintentional infringement and ensures

proper trademark use.

**Licensing Agreements:** Exercise caution in employing licensing agreements as clearly defining terms in licensing agreements protects both the trademark owner and the licensee.

**Global Protection:** Consider international trademark protection when expanding globally. Trademark protection is typically territorial, necessitating registration in multiple jurisdictions for global expansion.

**Public Awareness:** Foster public awareness about your trademarks. This discourages potential infringers and fortifies your position in legal actions.

**Legal Consultation:** Seek legal advice from intellectual property law experts. Legal professionals can offer guidance tailored to the specific circumstances of your case.

It's crucial to recognize that safeguarding trademarks is an ongoing effort, and continual vigilance is essential. Consulting with legal professionals remains paramount for navigating the intricacies of trademark law and ensuring the effective protection of your brand.

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