

TRADEMARK: INFRINGEMENT AND PASSING OFF

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ABSTRACT

Trademark law protects a trademark owner's exclusive rights to use the mark, thereby preventing any unlawful use of the mark by an infringer. Trademark protects the mark from any unauthorized use of the mark which shall cause confusion in the minds of the general public. Whenever the plaintiff proves that the defendant has caused confusion in the minds of the public by using same or similar mark, a trademark infringement claim shall prevail. The purpose of trademark is to give exclusive recognition as well as protection to a trademark owner. A claim for infringement will take place in case of a registered trademark whereas common law recognizes the act of 'passing off' which prevails in the case of unregistered trademark. Whenever the trademark owner proves that the infringer's mark would cause a depreciation of value of his mark or would harm the reputation, goodwill of the prior mark, the trademark owner shall establish his right to protection of the mark. The first and foremost task of the trademark owner is to prove that the prior mark has a very high degree of reputation and the infringed mark is similar to his mark and which would cause a confusion or deception regarding the product in the market. A trademark is generally protected to get maximum protection although unregistered trademarks also get protection under other circumstances. In case of passing off, the registration of the trademark is irrelevant and it is a common law remedy which is completely dependent on the goodwill acquired by the property. The difference between infringement and passing off has been very clearly and comprehensively illustrated in the case of Durga Dutt Sharma v. N.P. Laboratories¹. It was held that "An action for passing off is a Common law remedy, being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another. But that is not the gist of an action of infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trademark for the vindication of the exclusive right to use the trademark."

Keywords: Infringement, Passing off, Common law, Goodwill.

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¹ *Durga Dutt Sharma v. N.P. Laboratories*, AIR 1965 SC 980

1. INTRODUCTION

A trademark is intended to serve the purpose of acknowledging the source or origin of goods or services to which that particular mark belongs. The development of trademarks can be traced back to the onset of industrial revolution, which facilitated in the large scale production and distribution of goods. With the growth of globalization and e-commerce consumers started identifying their products with that of certain marks and symbols so as to distinguish these products from other similar products in the market. Over a prolonged period of usage, the products with particular marks started gaining popularity as well as recognition among consumers of goods. With advertising came the propensity to copy the well known trademarks or adopt deceptive trademarks to enhance profits and gain unscrupulous financial gain by trading on the reputation of another trade mark. Therefore with the rise of competition, the proprietors of those marks realized the need for a uniform legislation to grant registered proprietor an exclusive right to use the trademark as prescribed under the law relating to trademarks. Therefore the most important functions of a trademark were realized to be identification, source, quality and advertising.¹ Trademark is the symbol of origin and source of a mark and bears the stamp of quality. The maker of a trademark would always want to protect his mark from unfair usage and also from fraud and deceit.

1.1 Objectives of Trademark Law

Trademark with relation to goods and services recognizes the source and originality of the goods and conveys to the general public the quality of the product. In the case of *Cadbury India Limited v. Neeraj Food Products*², the Delhi High Court observed that the spirit, intendment and purpose of the trademark legislation is to protect the trader and consumer against dishonest adoption of one's trademark by another with the intention of capitalizing on the attached reputation and goodwill. Again, in another landmark judgment, the Supreme Court in the case of *Ramdev Food Products Pvt. Ltd v. Arvindbhai Rambhai Patel*³ held that, the purpose of trademark was to establish a connection between the goods and the source thereof which would suggest the quality of

¹ JT McCarthy, *Trademarks and Unfair Competition*, Vol. 1, Publisher, New York, 1973, p.86.

² *Cadbury India Limited v. Neeraj Food Products*, (2007) 25 PTC 95 (Del), p. 126.

³ *Ramdev Food Products Pvt. Ltd v. Arvindbhai Rambhai Patel* (2006) 33 PTC 281 (SC), p. 300.

goods. The primary object of the Trademarks Act was decided by Bombay High Court, in the case of *Cluett Peabody & Co Inc v. Arrow Apparels*⁴, which was observed to be protective of the proprietary right of a registered Trademark holder.

1.2 History governing Trademark Law in India

In India, the very first legislation in respect of trademark was the Indian Merchandise Marks Act 1889. This Act was followed by Trademarks Act 1940. Prior to the enactment of Trademarks Act 1940, the disputes or problems relating to infringement of trademarks and passing off were decided in the light of s. 54 of the Specific Relief Act 1877. In the year 1958, The Trade and Merchandise Marks Act was adopted which repealed the Indian Merchandise Act 1889 and the Trademarks Act 1940. In the section 129 of the Trade and Merchandise Act 1958, it was held that any document declaring or purporting to declare the ownership or title of a person to a trademark other than a registered trademark was not to be registered under the Indian Registration Act, 1908. The need to revise the existing law of the country was necessitated keeping in view the increasing trade and industry, globalization and also to encourage harmonious trading.⁵ The most important reason behind such a modification was due to the need to comply with the provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), by India on its becoming a member of WTO in 1995. It became mandatory on the part of India to bring the trade laws of the country in compliance with the provisions of the TRIPS Agreement. The Trademarks Act 1999 was accordingly adopted on December 30 of the same year, and which came to force on 15th September 2003. In the case of *Gujarat Bottling Co Ltd v Coca Cola Co*⁶, the Supreme Court held that the first enactment whereby the machinery for registration and statutory protection of trademarks was introduced in this country was the Trademarks Act 1940. Prior to 1940, the law relating to trademark in India was based on common law principles that are substantially the same as was applied in England before the passing of the Trademarks Registration Act 1875. The Trademarks Act 1999 is an 'Act to amend and consolidate the law relating to trademarks, to provide for

⁴ (1998) 18 PTC 156 (Bom).

⁵ T.Ramappa, *Intellectual Property Rights law in India*, 1stEd.

⁶ (1995) 5 SCC 545, p 556.

registration and better protection of trademarks for goods and services and for the prevention of the use of fraudulent marks.⁷

1.3 Introducing the 1999 Act

The most important aspect of trademark is to indicate the origin as well as the source of such goods and services that are made available to a consumer. The definition of 'mark' under the Trademark Act 1999⁸ is inclusive in nature consisting of device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or of any combination thereof. The 'mark' should be graphically represented, that is capable of being represented in paper form⁹. The definition of mark is inclusive and may include other things, which may fall within the general and plain meaning of the definition. Of all the qualifications, the most important is that the trademark¹⁰ should be capable of distinguishing the goods or services of one person from the goods or services of another. That is, put simply; it should have inherent qualities that would make it distinct and also capable of distinguishing the mark of one person from another. The Trademark Act 1999 governs registration in India.

1.3.1 Functions of Trademark, as Understood from the 1999 Act

- a) It identifies goods/or services and its origin: The mark should be capable of distinguishing one product from another. The mark should be such, so as to identify the origin of the goods or services to help the public trace the product to its source. This creates a better impression of the goods/services and helps in eliminating confusion.
- b) It guarantees unchanged quality: The mark is an assurance of the quality of the product. With a particular mark, a certain amount of goodwill is attached, which helps in triggering the sale of the same. The public associates the product with the mark and is hence assured of the quality. The mark, over the time affirms quality and attracts a segment of public, which is convinced of the excellence and standard of the product. Therefore mark can be said to be an indicative of the quality of a product.

⁷ *Meghraj Biscuits Industries Ltd v. CCE* (2007) 3 SCC 780, p. 788.

⁸ *The Trademark Act*, 1999, s. 2(1)(m).

⁹ *Trademarks Rules*, 2002, r 2(k).

¹⁰ *The Trademark Act*, 1999 S. 2(1)(zb).

- c) It advertises the goods/services: The new Act has encouraged the traders and service providers to develop their trading. The mark is beneficial in increasing globalization as well as increasing the trans-border repute of the product. As a result of advertising, the mark becomes popular as well as known to different sections of the public, across the globe. The mark caters to the development of the product as well as helping in business to grow. With increased advertisement, the mark begins to be popular.
- d) It creates an image for the goods/services. The marks, which have acquired distinctiveness as well as popularity among the public due to, prolonged use help in creating an impression of the product. An image is created of the mark and hence the product is associated with the mark.

1.3.2 Features of the 1999 Act also include

- a) Inclusion of 'shape of goods, packaging and combination of colours': This has been incorporated keeping in mind changing trends of the world. It is an inclusive definition giving room to more additions. The definition of Trademark has been expanded to encompass any mark capable of distinguishing the goods and services of one, from the goods and services of another and may include any mark capable of graphical representation. As a result, even well known designs can now avail protection under trademark law.
- b) Scope of trademark infringement has been widened: With the enlarged grounds for refusal of registration on "relative grounds", the scope of law governing infringement of trademark has been enlarged to include where the infringing use will most likely lead to confusion. Further, with the intention to keep trademarks protected, any mark which might lead to deception or turn out to be detrimental to the repute of a mark will be considered to be an infringement. Any mark which is contrary to honest practice or is likely to cause detriment to the distinctive character will constitute infringement. If the mark is capable of destroying the repute of the mark built up in the course of time, such mark will be said to be an infringed mark.

1.3.3 Inclusion of 'Service Mark' by Enactment of 1999 Act

The Bill of 1993 though was passed by Lok Sabha, it failed to get through the Rajya Sabha. After the lapse of the 1993 Bill, a new Bill titled Trademarks Bill, 1999 was introduced in the Rajya Sabha, which eventually got an approval and was hence passed by both houses of Parliament. The Bill after getting the assent of the President in 1999, became an Act in the same year.

Adoption of service mark in the new act can be said to be one of the most important and significant additions to the new Act. It is the direct initiative to add services in the definition of trademark. This would enable any institution or any individual offering services to register their marks. The definition of services under the New Act is an inclusive one; therefore entities providing services of any description in connection with business, industrial or commercial matters can get their Service marks registered¹¹

Section 2(1)(z) 'service means service of any description which is made available to potential users and includes the provision of services in connection with business of any industrial or commercial matters such as banking, communication, education, financing, insurance, chit funds, real estate, transport, storage material treatment, processing, supply of electrical or other energy, news or information and advertising'.

1.3.4 Registration of Trademark for Services¹²

The new law provides for registration of trademarks for services, in addition to goods. This need was greatly felt with the growth of the service sector in the country. Whereas the 1958 Act made provision for registration of trademarks only for goods, the present Act provides facility for registration of marks for services, in addition to goods. The expression "service" has been defined comprehensively to mean service of any description, which is made available to potential users. Furthermore, it is obligatory on India to provide facility for protection of trademarks in respect of 'services' under the Paris Convention [Article 1(2) read with Art. 6] and for registration under the TRIPS Agreement [Article 15(4)] of which India is a member. The Act of 1999 contains a comprehensive definition of the expression 'services' and

¹²K.C Kailasam, Ramu Vedaraman *Law of Trademarks and Geographical Indications*, 1st Edition, p. 8.

provides for registration of trademark for services. The definition of trademark has become enlarged so as to include services, along with shape of goods as well as their packaging to keep in pace with the changing trends of the world. The definition of 'certification mark' has also been modified to include services.¹³ Service mark can be said to be a trademark that denotes a relation with services. Services mean services of any description which is made available to potential users and includes the provision of services in connection with business of any industrial or commercial matters such as banking, communication, etc.

1.4 Registration of Trademarks

Registration enables a registered proprietor¹⁴ that is, the one who has been entered in the Register of Trademarks as proprietor of the trademark for the time being to sue for infringement of registered trademark irrespective of the fact whether it is used or not used. No action for infringement lies in case of unregistered trademark. According to section 27 of the Act, it is clearly provided that no person is entitled to institute any proceeding to prevent, or to recover damages, for, the infringement of an unregistered trademark, but recognizes the common law rights of the trademark owner to take action against any person for passing off goods as the goods of another person or as services provided by another person or the remedies thereof¹⁵.

1.4.1 Registered Proprietor

Registration of a mark confers upon the user a monopoly right over the use of the mark. Registration will ensure that the owner has exclusive rights over the mark. Registration provides rights to the registered proprietor of the trademark to use the trademark in relation to the goods or services in respect of which the trademark has been registered. Registration also enables the proprietor to obtain relief in case of infringement or unscrupulous use of the trademark. In *NR Dongre v Whirlpool Corporation*¹⁶, the Delhi High Court observed that according to section 28(1) of the TradeMarks Act, 1999, registration of a trademark gives exclusive right to use the same in relation to the goods in respect of which it has been registered. The Delhi High Court in *Rana Steels v*

¹³ *The Trademarks Act, 1999*, s. 2(1)(e).

¹⁴ *The Trademarks Act, 1999*, s. 2(1)(v).

¹⁵ Dr B.L Wadhwa, *Law Relating to Intellectual Property*, 5th Edition, p. 162.

¹⁶ AIR 1995 Del 300.

*Ran India Steels Pvt Ltd*¹⁷ stated that registration of a trademark gives to the registered proprietor of the trademark the exclusive right to the use of the trademark 'in relation to goods and services in respect of which the mark has been registered' and to obtain relief in case of infringement of the trademark in the manner provided in the Act. Registration of Trademark under the Trademarks Act, 1999 gives statutory rights and infringement of it can invite an action for Infringement. However, even the unregistered marks are also protected as the Act itself provides that an action of passing off remedy is available for unregistered trademark.

2. THE FUNCTION OF TRADEMARK PROTECTION

Traditionally the justification of trademark protection has been to protect the trademark's function as an indicator of origin of the goods and services to which it attaches.¹⁸ This protection warrants both the benefit of the proprietor as well as the quality of the product.

In the case of *Bristol-Myers Squibb v. Paranova* (1996), it was held by the Advocate General that: 'In so far as the trademark protects the interest of its proprietor by enabling him to prevent competitors from taking unfair advantage of his commercial reputation, the exclusive right conferred on the proprietor are said, in the language of the Court's case law, to constitute the specific subject matter of the trademark. In so far as the trademark protects the interest of consumer by acting as a guarantee that all goods bearing the mark are of the same origin, this is known in the Court's terminology, as the essential function of the trademark. These two aspects of trademark protection are of course two sides of the same coin.'

2.1. Infringement of Registered Trademark

An infringement action is based on invasion of the statutory rights.¹⁹ Infringement can be said to occur whenever any person other than the registered proprietor uses such a mark with intent to defraud in the course of his trade. The infringing mark may be identical with or deceptively similar to the registered mark and in relation to the goods or

¹⁷ (2008) 37 PTC 24 (Del), p. 34.

¹⁸ Jennifer Davis, *Intellectual Property Law*, 4th Edition, p. 200

¹⁹ VK Ahuja, *Intellectual Property Rights in India*, Vol. 1

services in respect of which the mark is registered.²⁰ Consequently, if the use of the mark in a manner not likely to indicate the trade origin, it may not attract the cause of action for infringement, which was held in the *Ox-cart*²¹ case. Section 29 of the 1999 Act deals with infringement of trademarks and enumerate certain ways in which an infringement can take place. Under section 27(1) of the Act, it is provided that a person shall be entitled to initiate legal proceedings to prevent or recover damages for the infringement of a registered trademark.²² Under section 28 of the Trademark Act, 1999, it is provided that, the proprietor of a registered trademark is the exclusive owner of the same and is entitled to obtain relief in case of infringement. Trademark infringement generally contains the issues of

- a) Likelihood of confusion
- b) Deceptive marks
- c) Identical marks
- d) Dilution of marks

2.1.1. Likelihood of Causing Confusion

Traditionally it was held that there can be an infringement of a trademark only when there is a likelihood of confusion as to the origin of the trademark.²³ The object of affording protection to a mark, which has acquired a degree of distinctiveness, is to protect the goodwill of the trader, and at the same time assure the public and customers about the constancy of the nature of services or products they seek.²⁴ If there is no similarity of goods and services then the question of likelihood of confusion does not arise. It is not sufficient if one mark merely leads to a likelihood of recall of the other mark.²⁵ Whenever two marks are identical, there is a prima facie case of infringement due to confusion. But there are situations where the marks are not identical but are nearly similar. In those cases, the plaintiff has to establish that the mark is identical enough to cause confusion in the minds of the buyer and hence would be misleading. There needs to be an element of resemblance, so

²⁰ K.C. Kailasam, RamuVedaraman *Law of Trademarks and Geographical Indications*, 1st Edition, p. 392.

²¹ *Edward Young & Co. Ltd v. Grierson Oldham & Co. Ltd.*, (1924) 41 RPC 548

²²http://www.academia.edu/3158701/PassingOff_and_Infringement_of_Trademark_in_India.

²³ *Kearly's Law on Trademarks and Trade Names*, Sweet and Maxwell, 2001, p. 360.

²⁴ *Evergreen Sweet House v. Ever Green and Others* (2008) 38 PTC 325 (Del), p. 330.

²⁵ *Baywatch Production Co Inc v The Home Video Channel* (1997) FSR 22.

strong to cause a deception in the minds of the buyers. The ultimate judge of similarity is the consumers who would be misled into distinguishing between two marks and hence failing to compare the two.

2.1.1.1. Read with Principles of Section 11 of the Trademarks Act, 1999

Registration of a mark, which is merely reproduction, or imitation of well known trademark should not be allowed. Section 11(2)(b)²⁶ seeks to provide that where the goods or services are not similar and the use of trademark identical with or similar to an earlier trademark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trademark, shall not be registered.²⁷ With respect to section 11 of the Act, the most important criteria are that there should be similarity with likelihood of confusion on the part of the public.

This sub-section is directed specifically to cases where the proposed mark is identical with or similar to the earlier trademark, but where the goods and services are not similar. Further, the reputation of an earlier mark is an essential requisite in the context of sub-section (2), which is not called for in respect of sub-section (1)²⁸

Section 5(3) of the UK Act provides “extensive protection to those trademarks which have a reputation...by specifying particular circumstances in which protection enjoyed by an “earlier trademark: may be taken to extend to cases of same or similar mark”. The test laid down in section 11(2) to determine confusion is showing that the use of the latter mark is without due cause and would take unfair advantage of or be detrimental to, the distinctive character or repute of the earlier trademark. This test is to protect marks with a reputation.²⁹

Section 11 lays down that the existence of likelihood of confusion on the part of the public, which in other words means perception of the marks in the minds of the average consumer of the type of goods or services in question, which plays a decisive role in the matter.³⁰The

²⁶ *The Trademark Act, 1999* S. 11(2)(b)

²⁷ K.C Kailasam, RamuVedaraman *Law of Trademarks and Geographical Indications*, 1st Edition, p. 170.

²⁸ *Id.* at p. 196.

²⁹ *Id.* at p. 197.

³⁰ *SABEL v. Puma, Rudolph Dassler Sport*, [1998] R.P.C 199, para. 16 & 17

provision of section 11(2) has to be construed in the broader context of the law of unfair competition. “The unauthorized use of trademark for a competing product not only constitutes undue exploitation of the trademark owner’s goodwill, but also deceives the public as to the commercial origin of the product (and hence its characteristics)³¹”

2.1.1.2. Judicial Approach

To ensure the buyer that the product he intends to buy is the actual product he has his preferences in and not a different product. To clarify to the buyers regarding the source and origin, the appropriate action is to ascertain that there is no confusion in the minds of the people.

In the case of *Montblanc Simplo-GMBH v New Delhi Stationery Mart*³², Delhi High Court held that since both the marks are used in respect to identical goods, this court, then needs to determine whether the defendants adoption is likely to cause confusion in the minds of the public. It is not necessary to prove actual confusion or damage, it is sufficient if likelihood of confusion is established.

In the case of *SBL Ltd. v. Himalaya Drug Co.*³³, The court quoted *Halsbury’s Laws of England*³⁴ on establishing ‘likelihood of confusion of deception’. In this case, two factual elements were laid down:

- a) That a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons
- b) That members of that class will mistakenly infer from the defendant’s use of a name, mark or other feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

2.1.2. Deceptive Marks

A deceptive mark can be said to be such a mark which is likely to cause confusion in the minds of the buyer. The most important deciding factor while taking “Deceptive Marks” into account is that the general public with average intelligence is confused so as to the source of the

³¹ K.C Kailasam, Ramu Vedaraman *Law of Trademarks and Geographical Indications*, 1st Edition, p. 199.

³² (2008) 38 PTC 59 (Del), p. 68-69.

³³ AIR 1998 Del 126.

³⁴ Halsbury’s Laws of England, 4th edition, Vol. 48, p. 163.

product. The most important test is to look for an overall similarity. The expression 'likely to deceive' is a question largely one of first impression. It is not necessary to prove intention. It is sufficient if the Court comes to the conclusion it is likely to deceive and that conclusion must be based partly on evidence and partly upon the appeal to the eye of the judge.³⁵

Deception can arise with regard to³⁶:

- a) Deception as to goods
- b) Deception as to trade origin
- c) Deception as to trade connection

2.1.3. Dilution of Trademark

Dilution of trademark is basically weakening the trademark by decreasing the value of the same. If another user adopts a near similar mark in respect to the same good, it will end up hurting or debasing the actual value of the trademark.

In *Catterpillar Inc v. Mehtab Ahmed and Others*³⁷ it was held by Delhi High Court that, in case of doctrine of dilution, there is presumption that the relevant customer starts associating the mark or trademark with a new and different source. This affects the link between the mark of the prior user and its goods. That is, the link between the mark and the good is blurred. This is not a fair practice that is expected in trade and commerce.

It is different from traditional infringement. Infringement laws are designed to protect consumers whereas dilution statutes protect owners. A dilution claim is not based on infringement or deception. It is based on value of trademark to its owner, which has been termed the mark's 'commercial magnetism'.³⁸ Tarnishment is subsumed under the term 'dilution'. Trademark tarnishment not only blurs a mark's distinctiveness but also mars a mark's positive associational value.

2.1.3.1. Dilution by Tarnishment

It is always with the regard to well-recognized, strong and famous trademarks which has the effect of diminishing or weakening the strength

³⁵ *H.C Dixon & Sons Ltd. v. Geo Richardson & Co. Ltd* 50 RPC 36, p 374.

³⁶ *Vikram Stores v. S.N. Perfumery Works*, 2008 AIHC 494 (Guj).

³⁷ (2002) 25 PTC 438 (Del)

³⁸ VK Ahuja, *Intellectual Property Rights in India*, Vol. 1, p. 432.

and identification value of the trademark. It is done by sullyng or impairing the distinctive quality of a trademark of a senior user. Some potential users may be confused and deceived so as to the source or affiliation while others may not be.

3. PASSING OFF

As Lord Halsbury has rightly put, “nobody has any right to represent his goods as the goods of somebody else”³⁹. The doctrine of passing off saw its inception to meet a landmark case that aid that nobody can sell any others products under the guise that it belongs to him⁴⁰. The Indian Trademarks Act, 1999 under section 27 recognizes the common law rights of the trademark owner to take action against any person for passing off his goods as the goods of another person or as services provided by another person or the remedies thereof⁴¹. The first instance where passing off was explained was in the case of *Singer Manufacturing co v. Loog*⁴². Though initially it was only restricted to representation of one’s goods as another, it has undergone a sea change. The concept has now extended to profession as well as non trading activities as well as various forms of unfair trading where such activities causing damage or injury to the goodwill associated with the activities of another⁴³ In the case of *Erven Warnink BV v. J Townend & Sons (Hull) Lts*⁴⁴, Lord Diplock stated essential characteristics of a passing off action in the following words:

- (a) Misrepresentation, (b) Made by a person in the course of trade, (c) To prospective customers of his or ultimate consumers of goods or services supplied by him, (d) Which is calculated to injure the business or goodwill of another trader?, (e) Which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a *quiatimet* action) will probably do so.⁴⁵

³⁹ *Reddy v. Banham* (1896) A.C. 199 p. 204.

⁴⁰ Wadlow, *The Law of Passing Off*, 3rd Edition, 2003

⁴¹ V.K Ahuja, *Law Relating to Intellectual Property Rights*, p. 271.

⁴² (1880) 18 Ch D 395

⁴³ *Bata India Ltd v Pyare Lal & Co* AIR 1985 All 242

⁴⁴ (1980) RPC 31.

⁴⁵ *Id* at p. 39.

That nobody can represent his goods as the goods of another also included representation of services and defendant may also be liable for passing off one class of the claimant's goods as another.⁴⁶ This may constitute of misappropriating the claimant's mark, business name or get-up, or he may simply supply his own goods when he receives an order for the claimant's⁴⁷ The seriousness of such an act lies in the very formative and basic reasoning that the claimant would traditionally lose out on competition as well as his customer base would be weakened. The likelihood of future injury would be sufficient to cause a passing off action because the property in question is the goodwill, hard work and reputation of the claimant. The aim of Common law in protecting through passing off is goodwill between the trader and his customers which the mark helps to sustain; there is no property in the name as such.⁴⁸ 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."⁴⁹ It is an unfair competition where one person tries to profit from the reputation of another in a business or commercial endeavor. Passing off is not a proprietary right in the name or the get-up, which has been misappropriated by the defendant. In case of passing off, there is no statutory protection and is completely based on goodwill and reputation of the business.

Section 3(a) enacts that a trademark shall not be registered if its use in India is liable to be prevented by virtue of any law, particularly the law of passing off. The essential element of passing off is that there has to be a misrepresentation, which is likely to lead to damage.⁵⁰

The registration of trademark is irrelevant in case of passing off action. Priority is given more to adoption and use of the trademark and not on the registration. Generally, protection against passing off is granted where the parties are engaged in the trade of the same or similar products or closely related products and services.⁵¹ In an action for passing off, the motive of the defendant is not important. Once the plaintiffs establish reputation, no further proof of fraudulent intention on the part of the defendants is required to be proved or established.⁵² Misrepresentation and

⁴⁶ Carty, in Dawson and Firth (eds), *Perspective on Intellectual Property*, Vol. 7 2000, p.31.

⁴⁷ *Bostitch v. McGarry* (1964) R.P.C 173.

⁴⁸ *Harrods v Harrods (Buenos Aires)* (1999) F.S.R 187, CA.

⁴⁹ *N. R. Dongre v. Whirlpool Corporation*, (1996) 5 SCC 714.

⁵⁰ *The Trademarks Act, 1999*, Section 3(a).

⁵¹ *Rob Mathys v. Synthes*, 1997 PTC 669 (Del).

⁵² *Kirloskar Proprietary Ltd. v. Kirloskar Dimensions Pvt. Ltd.*, AIR 1997 Karnataka 1

loss or damage of goodwill is also essential elements for a successful passing off action.

The relief available in suits for passing off includes an injunction restraining further use of the mark, damages, an account of profits, or an order for delivery of the infringing labels and marks for destruction or erasure.

3.1 Passing Off Under US Law

Section 1125 of Chapter 22 of Title 15 of the US Code forbidding false designations of origin, false description and dilution would cover cases of passing off. A civil action can be initiated against acts of passing off, action against acts in nature of dilution of famous marks. State and federal laws govern a trademark under US Law. In recent times, federal law provides the main and by large the most extensive source of trademark protection although state common law actions are still available. Courts in the US have in certain cases found actionable passing off when the defendant misinterpreted itself as the plaintiff's agent, thereby causing a likelihood of confusion.

3.2 Passing Off One's Own Goods or Services as Those of Another

The act of passing off one's good in another name is close to the act of infringement of trademark. Passing off is the tort of using the trademarks, trade names and such other descriptions to pass off one's own good or services as those originating from the registered proprietor.⁵³ The rights available against passing off aren't the same as those against infringement, since the remedies available in case of passing off are under the umbrella of Common Law. In case of Passing off, no statutory right of the owner is breached, whereas the only test to determine passing off action is whether the goodwill of the owner has been affected or not. Passing off is nothing but an encroachment on the goodwill built by the affected party. The act of passing off can be established whenever the loss on exploitation of goodwill can be proved since reputation and goodwill is a prerequisite for an action against passing off. The few factors that needs to be taken into account while deciding a passing off case were laid down in the case of *Cadila Healthcare Limited v. Cadila Pharmaceuticals Limited*⁵⁴. Supreme Court in the above mentioned case held that, in case of deciding passing off action in

⁵³ T. Ramappa, *Intellectual Property Right Law in India*, p. 240.

⁵⁴ (2001) 5 SCC 73.

case of deceptively similar marks, the factors that need to be considered are:

- a) The nature of marks, that is both in case of word and label marks
- b) The degree of resemblance between the marks, phonetically similar and hence similar in idea
- c) The similarity in nature, character and performance of goods
- d) The nature of goods in respect of which they are used as trademarks
- e) The mode of purchasing the goods or placing orders for the goods⁵⁵
- f) The importance to reputation acquired by a trade name was held in the case of *Teju Singh v. Shanta Devi*⁵⁶. The Court held that the goodwill acquired and the reputation owned by a trade name was important tests to be applied in the case of passing off.

3.3 The Trademark Act: An Understanding

Section 27 of the Trademarks Act provides that no infringement action will lie in respect of an unregistered trademark, but it recognizes the common law rights of the trademark owner to take action against any person for passing off goods as the goods of another person.

Sub-section 2 of the above mentioned section says that passing off action is not barred. This sub section clearly saves the rights of action against any person passing off goods.⁵⁷ In case of a registered trademark, it gives an assurance of quality of the product as well as affords a better protection of the mark. In case of an unregistered trademark, the proprietor cannot sue for infringement actions as according to section 27(1) of the said Act.⁵⁸ An action for passing off is independent of the registration of the mark. Priority in adoption and use of trademark is superior to priority in registration. The action cannot be infringement and can only be by way of passing off goods as the goods of another person or the remedies in respect thereof.⁵⁹

⁵⁵ AIR 2001 SC 1952

⁵⁶ AIR 1974 AP. 274

⁵⁷ Rama Sarma, *Commentary on Intellectual Property Law*, Edition 2009, Vol. 2, p. 2208.

⁵⁸ *Trademarks Act, 1999*, Section 27(1)

⁵⁹ AIR 1986 Del 329.

3.4 Constituents of Passing Off

In case of passing off, no actual deception or any actual damage be proved⁶⁰. It is enough that the get up of a product is similar to another product and is enough to cause confusion in the minds of the general public. An element of deceit forms a strong case of passing off. Though there is no special need to mention deceit or establish actual deception, but whenever there is a scope for apprehending deception, the action for passing off is maintainable⁶¹ the action for passing off is a common law remedy unlike infringement action which is a statutory remedy.

The registration of the trademark prior in point of time to user by the plaintiff is irrelevant in an action for passing off. The proof of actual damage or fraud is also unnecessary in a passing off action. Whenever there is a likelihood of the offending trademark invading the proprietary right, a case for temporary injunction is made⁶²

The length of the user is irrelevant, that is there is no fixed period of time provided for which exclusive prior use must be established⁶³

In a suit for injunction to restrain the defendant from passing off goods as those of the plaintiff, the average purchaser to be taken into account for deciding the resemblance between the two marks is one who has perfect recollection of those trademarks⁶⁴

To prove passing off, the most important element is to show that the goods of the plaintiff and the defendant are sufficiently alike and the goods sold by the defendant are so similar to the plaintiff's goods as to be calculated to lead to deception⁶⁵

3.5 Issues to Prove Passing Off

- a) The name or description of the wrongful user of which the plaintiff complains, come to be associated in the public mind with the goods, business or works of the plaintiff

⁶⁰ AIR 1970 SC 1649.

⁶¹ (2001) 91 Del LT 321.

⁶² AIR 1984 Del 441.

⁶³ AIR 1986 Del 245.

⁶⁴ ILR (1962) Mad 209.

⁶⁵ ILR (1944) Lah 171.

- b) The goods are so misleading so as to cause the public into believing that they are acquiring the plaintiff's goods when in fact they are acquiring the defendant's goods.

3.6 Tests to Determine Entitlement to Injunction⁶⁶

Whether the words used in the trade name of the plaintiff were descriptive words of common use or have they come to acquire a distinctive or secondary meaning in connection with the plaintiff's business.

Whether there is a reasonable probability that the use of the name adopted by the defendant was likely to mislead the customers of the plaintiff by reason of similarity of the two trade names.

3.7 Relief

Relief can only be granted in case of passing off if it can be proved that the defendant has done something which is calculated to deceive. It is very essential to show that there has been a false representation. The plaintiff must show that the defendant has used the mark on the goods or in connection with them and that the mark has attained an association in the minds of the public.⁶⁷

3.8 Distinction between Infringement Action and Passing Off

1. Passing Off is a common law remedy, whereas an infringement is an action for deceit.
2. Statutory remedy is the right kind of relief available in the case of registered proprietor of a registered trademark, whereas the right available in case of an unregistered trademark is passing off.
3. The use of the mark by the defendant of the trademark of the plaintiff is not essential in any action for passing off, but it is *sine quo non* in case of infringement. An action for infringement takes place when the defendant has used the mark of the plaintiff.
4. The defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff.⁶⁸

⁶⁶ AIR 1981 AII 421.

⁶⁷ ILR(1938) Mad 466.

⁶⁸ AIR 1965 SC 980.

4. CONCLUSION

The premise of protection of a trademark is that no man is entitled to sell another's mark under the guise that it belongs to him. The need for passing off arises whenever there is a requirement to protect an unregistered trademark whereas infringement actions arise in case of registered trademarks. For an action for infringement of trademark to prevail, there has to be an identical imitation of the mark causing considerable confusion in the minds of the users. Registration of trademark gives an exclusive right to the manufacturer with regards to the mark and in case of an infringement the right is statutorily protected.

In case of passing off, the mark is misrepresented by the defendant trader. The trader passes off his goods as the goods of another trader. The users are confused and misled with respect to the origin and source of the product. For an action of passing off, likelihood of confusion is to be established. To escape liability in case of passing off, the defendant has to show that there is a considerable difference between the marks and that the defendant's mark can be easily distinguished. Registration of a trademark in case of an action for passing off is irrelevant.

A study of a few decided cases makes it clear that infringement and passing off are different from each other. Therefore, though passing off has not been clearly mentioned in the 1999 Act, its inference can be drawn from common law. The emphasis in determining passing off is tilted more towards common law which explains that when an infringement is done in such a manner that it is not only deceptively similar but is also causing considerable confusion harming the business of a company it would amount to passing off. Hence, the acid test for a passing off claim is to determine whether the owner of the good has acquired a reputation or goodwill. The most valid point of importance is that in the case of an unregistered mark being infringed, the remedy is passing off whereas a registered owner has the right to claim an action for infringement. An action for infringement or Passing off serves the common purpose to protect the goodwill as well as the reputation attached with a mark. Though the concepts are different to each other, the goal is similar, that is to protect the owner and his mark in case of any deceit or confusion.

