
TRADEMARK: A SHIELD FOR BUSINESSES

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ABSTRACT

*Gucci is not a fashion or a design house, it was always a trademark. -
Maurizio Gucci*

A product in order to be in the mouth of its users essentially requires a name or a mark, this will not only benefit the businessman but also the consumers at large, this process of naming a product or its brand is known as a Trademark. It is the identity of the enterprise and with human beings having a collective intellectual these identities overlap. With the introduction of globalization and industrialization, there has been a boom in the e-commerce sector, which has led to an increased number of entries of manufacturers and traders, who are with the motive of providing a variety of goods and services to consumers. Consumers are considered to be the king of the market; therefore, the sole aim of manufacturers is to satisfy them with the goods and services which they desire. The authors have attempted to scrutinize the evolution of the trademarks, alongside the case laws and recent developments focusing upon the cause of conflicts and market growth. Moreover, analyzing the impact of trademark duplication on the consumer.

Keywords: Trademark, Globalization, E-commerce, consumers, Enterprises.

INTRODUCTION

“Nemo dat quad non-habet” means that no one can transfer what he himself does not have, holding on to this thought one should not reap the benefits of the plant he has not sown. In the age of industrialization where the consumer is the king, even a small idea is worth a million dollars, however, the same alone does not have any value, but if clubbed with or transformed into an intellectual property it could be worth more than any other property in the world. Protection of intellectual property guards various creative and innovative ideas of authors, creators, investors etc. an idea could be in various forms such as a book, painting, paper, study, design, invention etc. and each one of them can be protected under the intellectual property law, namely copyright, patents, trademarks etc.

Trademark, means a mark, sign or symbol protecting a business, trade or profession i.e. a mark which protects and distinguishes goods and services provided by one business, trade or profession from that of the other. The ultimate aim of a trademark is to inform the consumers of the source of their purchase and helps to distinguish one product from the other. The goodwill of a business depends upon the fact that the goods and services of a brand are better than that of the other, trademark helps a consumer to identify the better product by setting a sign or logo in the minds of the consumer by which a distinction can be drawn and the goodwill of the same product can be maintained.

A businessman needs to get a trademark to individualize a product, protect it from piracy and duplicity and distinguish his product from that of its competitors. It may also be pertinent to mention that in order to make a choice between different brands of the same product, a consumer needs to reminisce a trademark. Consumers of goods may not generally realize the duplicity of the product at the time of its purchase but may realize the same at the stage of consumption, and at that very moment, it is the brand which gets the bad name and is cursed.

E-commerce has emerged over the last few years which has made the whole world connected as a global market offering variety to the consumer but as they say even the peacock has ugly feet similarly this form of commerce may have offered a variety of products but it has made the consumer confused about which one is authentic (considering the consumer to be brand loyal). In the recent case of Flipkart where the renowned website allowed the “latch on” feature for the third-party sellers, this led to the infringement of the trademark of the Plaintiff, who has built up his painstaking business over the years as these third parties if compromised the quality

of the product the plaintiff's trademark will be compromised. Following this the Delhi High court passed an interim order against Flipkart, stating that *e-commerce platforms allowing a third-party seller to 'latch on' to trademark amounts to taking 'unfair advantage'*¹.

EVOLUTION OF THE CONCEPT OF “TRADEMARK” IN LAW

The importance of trademarks can be traced back to the 10th century when the mark was famous with the name of merchant's mark or proprietor's mark, though there was no legislation at that time in force, the concept kept evolving and then in the year 1266 the first legislative act pertaining to a trademark was passed, requiring every baker in the area to use a distinctive mark for the bread they produced to distinguish every seller. The history of India holds proof of trademarks, which can be depicted from the pictures or images of the king or ruler in power were carved on guilds or currency as a symbol². The history of trademark-related legislation can be traced back more than 100 years, where initially we had the Indian Merchandise Marks Act, of 1889 and the Trade Marks Act, of 1940 dealing with trademarks. Later on, these Acts were repealed by the Trade & Merchandise Marks Act, of 1958 which was again repealed by the Trademarks Act, of 1999.

According to the Trademarks Act 1999, a certification trademark means a mark capable of distinguishing the goods or services in connection with which it is used in the course of trade which is certified by the proprietor of the mark in respect of origin, material, mode of manufacture of goods or performance of services³. The act contains provisions for the registration of trademarks and also broadly provides that a trademark must be capable of being distinguished and must not be identical with some other mark, also the same should not resemble any mark or logo which is likely to deceive the general public. It is to be noted essentially that the Registration of trade mark is not compulsory but an action of infringement can be taken, only if the mark is a registered one, therefore it is always recommended to register your trademark in order to claim your rights if they are infringed.

“Change is constant” and to cope with the change in society, technology, policies, business sizes etc. the trademarks legislations keep updating with amendments to protect the rights of

¹ Livemint.com, <https://www.livemint.com/news/india/delhi-hc-grants-interim-order-against-flipkart-over-unfair-advantage-of-trademark-report-11659701397620.html> (last visited on 10-10-2022).

² Suchandrima, *The Life Path Of Trademark Till The Present*, LEGAL SERVICE INDIA, (10-10-2022, 18:54), <https://www.legalserviceindia.com/legal/article-5054-the-life-path-of-trademark-till-the-present.html>

³ Trademarks Act, of 1999, § 2(e), NO. 47, Acts of Parliament 1999 (India).

the manufacturers and consumers. Having said that the recent amendment in the Trademark law was in the year 2017 when concepts such as startups, small enterprises, e-filing, e-communication, sound trademarks, 3D & coloured trademarks etc.

TRADEMARKS AND LEGAL INSTITUTIONS

After the establishment of the Trade Marks Act, there was an amendment in the year 1999 which instituted the Intellectual Property Appellate Board (IPAB) in the year 2003. The Trademark Act Amendment and the Geographical Indications of Goods Act (Registration and Protection), 1999 gave specialized powers to IPAB to function as an appellate board and specialized tribunal concerning all Intellectual property disputes excluding paying off and infringement cases. Later the jurisdiction was extended to the Patents Act, of 1970, the Finance Act and the Copyright Act, of 1957. IPAB during its regime gave significant rulings which are dominant in the IPR world today.

IPAB was instituted with the aim to work for the betterment of intellectual property and to advance that more scientific and technical personalities were appointed with holistic knowledge of the subject matter. However, IPAB was abolished on April 04 2021, as it failed to achieve its objectives. It was burdened with a huge number of cases which it failed to address causing the government to later obliterate it, rendering all the cases related to intellectual property to the Commercial Courts.

Later, to deal with the ever-rising disputes which are in pace with the developing awareness about trademarks, patents, copyrights etc. the Delhi High Court created an Intellectual Property Division specialized for IPR disputes. Though with the ceaseless development in the market with the growth of the internet and the number of disputes, today presents a dire need for the establishment of specialized courts for intellectual property disputes, it is essential to address all the shortcomings of IPAB for the successful establishment of another institution to function in its true form for resolving and developing all the aspects related to intellectual property.

RECENT DEVELOPMENTS IN TRADEMARKS IN INDIA

Promotion of innovation, invention and creativity are things which are interlinked with each other. Another aspect with which the above is interlinked is the exclusivity of work and appreciation for unique work. With the current developments in society, where almost everyone is holding some amount of intellectual property, protecting the same is of utmost

importance and without such protection, the zeal and confidence of the innovator will go to the bottom and this will lead to impossible market growth and thereby a developing country will never be able to upgrade themselves to the tag of a developed country. If no such protection is granted, the entire market will copy one or the other of its competitor and there would be no mark of quality which will lead to tough decision-making for both the buyers and the sellers. With the introduction of liberalization, this challenge got harder since the now intellectual property was not only to be protected from the local markets but from the international markets as well.

The developments in trademark legislation in India began with the replacement of the Trade and Merchandise Act, of 1958 With The Trade Marks Act, of 1999, in order to deal with intellectual property protection in international markets as well. With the interchange of the above legislations, a few of the changes which can be demarcated are that, firstly, service marks were introduced to the protection for the first time that too through registration, secondly, graphical representations, shapes and combination of colours came to be included in the definition of a trademark, furthermore, an unprecedented step was undertaken by the registry by issuing an order, allowing alterations to be made in the trade mark registration application. Besides these, the period of registration of intellectual property as a trademark also increased from 7 years to 10 years. Under the new act, both registered and unregistered trademarks may be assigned.

In 1999, India also enacted the Geographical Identification of Goods (Registration And Protection) Act 1999. This legislation provided for registration and better protection of Geographical Identification with respect to goods and services which are been circulated throughout the world. Various renowned brands such as basmati rice, Darjeeling tea, Alphonso mangoes etc. which have great importance and appreciation both in Indian as well as international markets have got itself registered under the Geographical Identification of Goods (Registration And Protection) Act 1999.

Further, in the year, 2017 new trademark regulations came into force which brought an altogether new and different era to unconventional trademark registration. Wherein rule 26(5) provides for the registration of a trademark with respect to a sound. The rule further provides that the sound should be submitted in MP3 format, not exceeding 30 seconds. One may also get a combination of colours registered by submitting this colour combination. Here in all these

cases, the burden of proof is on the applicant to prove that the sound and the colour combination have gained unique importance.

A combination of virtual reality and augmented reality, which uses blockchain technology, and concepts of digital media, which in return results in a 3D virtual world, which enables building social connections is known as the 'Metaverse'. The trademarks law has also entered the metaverse, wherein more and more brands are opting to introduce their product and advertise the same through the metaverse platform. The Indian trademarks registry online portal reveals that various Indian parties have already obtained statutory rights on the standalone term metaverse. Further various metaverse formative marks and designs have been registered across classes. Even though the concept of trademarks in the metaverse is a relatively new concept, Indian businessmen are clearly trying to embrace the global trend.

In such an ever-changing business environment where every organisation ought to be dynamic in nature, the legislation also ought to be a dynamic one in order to protect the rights of the inventors and further encourage them in innovating much more, which will in turn help in the growth of the economy of the country. With the scope of intellectual property increasing rapidly, the above-mentioned developments and changes are necessary to keep up with the needful development pace.

CASE LAWS AND TRADEMARK

As per the annual report 2018-19, the number of cases filed for trade mark registration in the year 2014-15 was 210501 and there has been an increase in the number of cases since then as for the year 2018-19 amounted to 323798, this change in the number of the application is sufficient to demonstrate the awareness among the citizenry for the protection of their trademark rights⁴. However, with the increase in the registration of the trademark, there has been generating awareness of their infringement, some of them are mentioned below which impacted the regulations relating to the trademarks and set precedents thereof: -

1. *Patisserie and the Court (Theos and Theobroma)*

Delhi high court was faced with a trademark dispute between Theos and Theobroma, where the suit was against the use of the word's THEOS' and THEO'S. Theos is a chain

⁴ The Office Of The Controller General Of Patents, Designs, Trade Marks And Geographical Indications India, *Intellectual Property India Annual Report 2019*, (22-10-22, 11:45) https://ipindia.gov.in/writereaddata/Portal/Images/pdf/IP_India_Annual_Report_2019_Eng.pdf

of bakeries spread in Delhi and the NCR region, whereas Theobroma is established in Mumbai and parts of India. After 6 years of dispute both parties, they came to an amicable settlement where both the parties agreed to certain conditions, such as Theos cannot advertise in offline or online mode with the name Theos or Theo as these trademarks belong to Theobroma, Theobroma is free to spread with the trademark Theobroma all over India whereas Theos shall be restrained with the usage of the trademark only in the Delhi and the NCR region however it can also expand but with the different trademark. This dispute is a classic example of trademark dispute as the word Theos and Theobroma both are used for the meaning “food of Gods”, and both these bakeries had registered trademarks yet the dispute arose due to identical business and services. Subsequently, the best solution to the dispute was, as done by the court “an amicable settlement”.

2. ***Domain name is a trademark (Yahoo!, Inc. v. Akash Arora & Anr.)***

Cybersquatting is the use of domain names which are not authorized, these are names similar to trademarks, services or any other name which acts as an identity. This case was the very first case to recognize that a domain name is similar to a trademark as it serves the same purpose as the latter.

3. ***International Trademark weighs more than Local (H&M Hennes&Mauritz AB &Anr. v. HM Megabrands Pvt. Ltd. &Ors)***

Delhi High Court in the year 2018 recognized that H&M might not be present in the Indian market at the time of the adoption and registration of the trademark of HM megabrands which was in the year 2011 and 2014 respectively, but due to travel and knowledge of cultural diversity the presence of the brand was known to consumers even before it entered the market, therefore, the defendant was permanently restrained from using the trademark *HM Megabrands*. However, even though there was not a significant presence in the market, the weightage was also to be given to the fact that H&M got its trademark registered in UK in 1985 and in India in 2005, which was long before the defendant’s establishment.

4. ***Phonetics single test not an infringement (London Dairy v. Londonderry)***

Bombay High court dealt with this case wherein London Dairy a premium brand filed a suit against London derry claiming that both of them sound the same when pronounced therefore causing Trademark infringement, however, the Court was of the contrary

opinion as it reasoned that single phonetic test cannot suffice for the infringement to be ascertained and ruled in favor of the defendant.

5. *Deceptive Similarity and its Grounds (Cadila Health Care Ltd. v. Cadila Pharmaceutical Ltd)*

The Supreme Court of India provided the grounds for testing “Deceptive Similarity” in the above-mentioned case wherein the following factors are to be taken into consideration for determining deceptive similarity are as follows⁵:-

- a. *Nature of mark (word, label, or composite mark)*
- b. *The degree of resemblance between the marks*
- c. *The nature of goods (services for which the Trademark is used)*
- d. *The level of care and intelligence exercised by the purchaser while purchasing goods or services*
- e. *The mode used by the purchaser to purchase or place the order.*
- f. *The similarity in the nature, performance, and character of goods of the rival Traders*

DEFICITS AND THEIR SOLUTIONS

There are always multiple challenges when change or anything new is introduced anywhere, likewise trademarks not being new yet the awareness about them and their registration and loopholes causing infringement have altogether given rise to many deficits, to which the authors have attempted to give suggestions and recommendations identifying the same. The below mentioned are some of the propositions which ought to be considered in the legislation pertaining to trademarks, however the list is not exhaustive and with changing times, there should be measures undertaken by both judiciary and legislature to keep up with the ever changing needs of the hour.

1. **Specialized Courts:** They say that one who knows its history can solve any problem not foreseen as it helps understand the roots of it similarly, ancient law with medieval law enforcement agencies is the key to tackling modern offences. Nevertheless, the question

⁵ Neetu B. Shambharkar, *Notion of Deceptive Similarity under Trademark Law with Reference to Landmark Cases in India: A Legal Insight*, International Journal of Law Management & Humanities, [ISSN 2581-5369] (22-10-22, 12:48) <https://www.ijlmh.com/wp-content/uploads/Notion-of-Deceptive-Similarity-under-Trademark-Law-with-Reference-to-Landmark-Cases-in-India-A-Legal-Insight.pdf>

that arises here is, trademarks being one of the concepts of modern law, are there sufficient means for tackling the problems associated with it and its infringement?

Trademark infringement being a specialized matter must be dealt with either by a tribunal or a special court. For this purpose, the Intellectual Property Appellate Board was constituted by the central government on 15th September 2003 with the objective of the being to hear appeals against the decisions of the registrars acting under various intellectual property legislations including but not limited to the Trademarks Act 1999. However, on 4th April 2021, the president of India, promulgated the Tribunals Reforms (Rationalization and condition of service) Ordinance, 2021. The purpose of this ordinance was to dissolve various tribunals, which went forward and dissolved the IPAB. The powers and functions of the same were transferred to the High Courts and the District court. Section 134 and 135 of the Trademarks Act, 1999 confers the jurisdiction relating to trademark infringements on the District Courts and the High Courts, based on the principles as to jurisdiction laid down under the relevant provisions of Code Civil Procedure, 1908. Modern problems call for modern solutions, the concept of intellectual property being relatively new, minds having deep knowledge with respect to this field of study should be the ones to resolve the disputes.

2. **Counterfeiting:** The concept of counterfeiting (defined as the fraudulent or illegal mocking of something such as money, trademark or anything valuable from which gains can be incurred) is one which requires due attention by the legislative bodies. The term counterfeiting has not been defined in the act and hence there is always a dilemma for the right holder while dealing with counterfeiting products. This lacuna enables the counterfeiters to take undue advantage of different interpretations made by various judicial precedents. There is a dire need to bring an amendment defining the relevant term.
3. **Trademark and Exemption on GST:** Further, the tax laws as amended in the year 2017, pertaining to the tax rate, whereby a party can claim the exemption in GST after disclaiming the right in brand, however, on the contrary, no such relevant amendments have been incorporated in the trademark act. This has to be eradicated anomaly.
4. **Amendments in the registered trademarks:** The trademarks Act lacks any provisions with respect to amendments in the registered trademarks. Looking into the current market

situations, business is a dynamic organization, and change according to the changing market conditions, at any point in time may become needful. This very fact that no amendments can be made to a registered trademark has led to problems for the registered proprietors, dealing with inter-se disputes pertaining to a registered trademark. Human thinks in similarity with the other therefore it becomes obvious that two proprietors might come up with the same name for their enterprise and even if they do not want, they will be in dispute infringing each other's rights. However, if any such provision of bringing an amendment to the existing registered trademark, which is priorly registered is brought then this will lead to a smaller number of cases and therefore less chaos.

5. **Goodwill Definition:** A proprietor works for the business to develop a name that gives him benefit and recognition and that good name in the market helps him prevail which is known as goodwill. One of the sole purposes of the trademarks act is to protect the goodwill and reputation of a business organization, however, the term goodwill has not been defined by the act. In order to protect and promote the goodwill of an organization, the term itself should have been defined in the act, which would enable the judges to follow a strait jacket formula in resolving matters expeditiously.

6. **Metaverse:** In the era of industrialization, where metaverse has been introduced as a new field, though leading business organizations have entered the field and various trademarks have been registered using the word 'metaverse', there is no judicial precedent or any legislative step taken to incorporate the term in the act. This being a topic of recent time, should as soon as possible be incorporated in the act.

CONCLUSION

"In an acquisitive society, the drive for monopoly advantage is a very powerful pressure. Unchecked, it would no doubt patent the wheel, copyright the alphabet, and register the sun and moon as exclusive trademarks⁶".

⁶ Ralph S Jr. Brown, *Advertising and the public interest: Legal protection of trade symbols*, 57 Yale Law Journal 1619, 1659 (1948).

Fair play is one aspect which is to be kept in mind while performing market practice. To bring transparency in business practice, traders, manufacturers, businessmen etc. there is need of rules to play by, which will not only help an organization to grow, but also will help them build goodwill in the market. The aspect of intellectual property pertains to a rivalry between two or more manufacturers, thereby having effects on the market conditions and consumers. Trademarks are shields which help a business grow in various fields, however, an increase in the level of competition in the market calls for dynamic and adaptative legislation, whereby the trademark law should be updated regularly through amendments or by framing of new rules and regulations pertaining to the subject, maintaining pace with new forms of intellectual property infringement.

With the increase in internet facilities, the world has become an accessible global market which increases the chances of infringement of the rights with one another. What the current situation requires in the opinion of the author is that there should be compulsory registration of trademarks, along with this, steps should be made to declare infringement of trademarks as a punishable activity, further the need of the hour demands special commercial courts or benches in District and High Courts to specifically deal with the disputes pertaining to intellectual property.