

LAW OF INDUSTRIAL AND INTELLECTUAL PROPERTY

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ROLE OF TRADEMARK IN PROTECTION OF CONSUMER RIGHTS

- A trademark is an identity that certain products or services are provided by certain person or entity.
- A trademark is given to provide legal protection to marks of trade like brand names, signs, symbols etc. Trademarks are distinctive signs used to differentiate between identical or similar goods and services offered by different producers or services providers.
- It may be a distinctive word, phrase, logo, Internet domain name, graphic symbol, slogan or other device that is used to identify the source of a product and to distinguish a manufacturer's product from others.
- Here, the term 'distinctive' means unique enough to help consumers recognize a particular product in the market place.

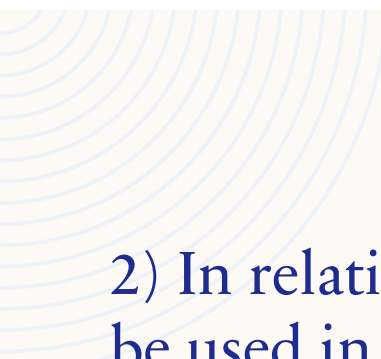
WHAT IS TRADEMARK

- ❑ Trademarks are visual representations which identify and distinguish the goods and services of an entity from those of another entity.
- ❑ One of the main functions of trademark is to facilitate association of a particular characteristic or quality to a specific product or service.
- ❑ Trademarks are initially granted for a specific period of time and they are renewable for perpetuity; with the primary purpose of avoiding consumer confusion.
- ❑ The proprietor(owner of a business or holder of a property) of a registered trademark is entitled to use, transfer, and enforce their trademark and also to use the symbol ® with their trademark.

TRADEMARK LAW IN INDIA

Section 2(1)(zb) reads "trade mark" means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods their packaging and combination of colors and

- 1) In relation to Chapter XII (other than section 108), a registered trade mark or a mark used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right as proprietor to use the mark and



2) In relation to other provisions of this Act, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right, either as proprietor or by way of permitted user, to use the mark whether with or without any indication of the identity of that person, and includes a certification trade mark or collective mark.

- India enacted the Trademark Act 1999 and the Trademarks Rules 2002 to ensure adequate protection for domestic and international brand owners, in compliance with the TRIPS Agreement.
- Section 159(1) of the said enactment repealed the Trade and Merchandise Act 1958.
- The intendment and purpose of 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.

The said enactment introduced plethora of changes including

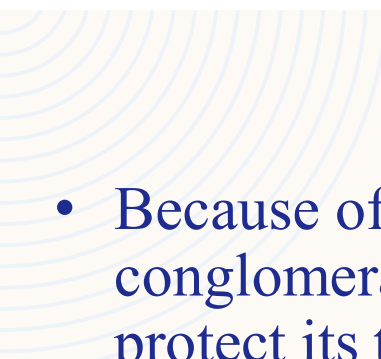
- 1) Registration of trademarks for services.
- 2) Enhanced protection for well-known trademarks.
- 3) Part A and Part B registration system abolished.
- 4) Filing of multi class applications permitted.
- 5) Incorporated provisions for registration of collective marks.



Economic Importance of Trademarks

- The trademarks play an important role for the commercialization and growth of the industry. It is an asset, which forms the foundation of any business to the ultimate purchaser or the consumer.
- It is the trademark, which provides a link between the goods and the manufacturer. The reputation built by a trademark on account of its quality or performance coupled with the customer satisfaction, influences the customer's mind for repeat orders.
- The customer may not even know the name or the address of the manufacturer but it is the mark, as an ambassador of the manufacturer, which weights his decision to buy or not to buy a particularly branded product.

- It takes a long journey for any manufacturer to establish goodwill or reputation of his trademark in the eye of the ultimate purchaser so as to reap long-term benefits.
- The publicity of the trademark by the proprietor also plays an important role in a reputation built up exercise.
- Trademarks establish goodwill between the source of a product or service and the consumer. A well- chosen and well-publicized trademark often has value far beyond the physical assets of a company.
- Trademarks uniquely associate a product or a service with a particular source, even if that source is unknown to the consumer.
- Thus, trademarks help businesses build and retain demand for their products and services while enabling consumers to quickly identify and make a purchase decision based upon a recognized trademark.

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- Because of their value, it is vital for every company-be it a multinational conglomerate or a one-product start-up business-to make every effort to protect its trademarks.
 - The good will built up by a manufacturer in respect of his good is an invaluable asset over which every manufacturer has ownership.
 - This goodwill is an intangible commodity. The intellectual property regime protects not the intangible, but rather their tangible manifestations.
 - The good will is manifested in the trade mark of the manufacturer. The trade mark forms the link between the goods and the manufacturer using which the manufacturer of particular goods may be identified.



UNCTAD UNITED NATIONS CONFERENCE ON TRADE AND (UNCTAD)

- A United Nations entity, is the most authoritative and reliable source of information about global Foreign Direct Investment (FDI) by country and by activity and its statistics and diagrams are quoted equally by right wing corporate hacks and left wing activists.
- Functions of UNCTAD established in 1964 as a permanent intergovernmental body, UNCTAD is the principal organ of the United Nations General Assembly dealing with trade, investment and development issues.
- UNCTAD explains that it undertakes the following tasks:

1. Globalization and Development Strategies

- Examines trends in the global economy and evaluates their impact upon the development process.
- Undertakes macroeconomic policy analysis in the context of interdependence among countries and sectors of the economy.
- Analyzes specific development challenges and successful experiences, and draws lessons for developing countries and countries in transition to a market economy.
- Studies questions related to financial flows and indebtedness, and helps developing countries manage their debt.
- Develops databases and provides statistical information related to trade and development



2. International Trade in Goods and Services, and Commodities

- Analyzing trade info, etc.

3. Investment, Technology and Enterprise Development

- Examines global trends in foreign direct investment (FDI) flows; the interrelationships between FDI, trade, technology and development; and the development implications of a possible multilateral framework on investment.
- Advising countries with information about FDI and its effects.

4. Services Infrastructure for Development, and Trade Efficiency

- Helps developing countries and countries in transition improve the efficiency of their trade-supporting services through technical cooperation programs.
- Supports the formulation of national policies and regulations promoting services infrastructure for development, trade facilitation and trade efficiency

1. Deceptive trade marks-

- Consumers should have the right to object to the registration of deceptive trade marks or request their cancellation.
- Countries can grant locus standi for consumers or organizations to defend their interests.
- For non-deceptive misleading use, sanctions against the mark are generally not appropriate. Injunctive relief and damages can protect competitors and the public.

2. Trade marks without distinctive character

- If a trademark is contested because of its alleged lack of distinctiveness or of its descriptive character or its degeneration into a generic name, it is above all in the interests of the trade mark proprietor and of competing manufacturers to be able to use freely the names that are primarily affected. It is not evident that consumers need to have locus standi in such proceedings.

3. Confusingly similar trade marks

- Consumers have an interest in prohibiting confusingly similar trademarks, but this interest is considered by the Trademark Office or allowing the owner of a prior right to oppose registration or use of a conflicting more recent trademark in opposition, cancellation, or infringement proceedings.
- Experience has shown that there is little interest in preventing confusingly similar trademarks, so it is not necessary to grant locus standi to consumers, especially in infringement proceedings.
- Participation would complicate and delay these proceedings and restrain the freedom to determine rights by the owner of the trademark and its adversary.

4. Assignment and licensing of trademarks

- It is generally recognized that there is an economic need for the assignment and especially the licensing of trademarks. Such transactions should therefore not be subject to unduly restraining and inflexible conditions.
- But considering the trust that consumers generally have in trade marks, adequate and sufficient precautions are necessary in order to prevent the deception of consumers.
- As a result of the assignment or licensing what particular measures within the framework of trade mark law or the general provisions against misleading practices are most appropriate to achieve this goal should be the subject of further study.

5. Obligation to identify goods or services with a trade mark

- The majority of the national groups is of the opinion that there should be no obligation to label goods or to associate services with a trade mark.
- At least in a market economy, each enterprise should be free, to decide if and how it wishes to use a trade mark. So far as consumers interests require information relating to the marking of goods or services, this requirement can be served by labelling regulations outside trade mark law.
- These regulations should not, however, lead to an undue restriction of the freedom to use or not to use a trade mark.

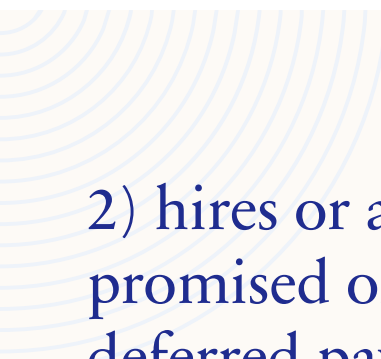
6. Foreign trade marks

- It is agreed that no general distinction should be drawn between national and foreign trade marks.
- If in certain cases the manner of use of a foreign trade mark for domestic goods or of a national trade mark for foreign goods is likely to lead to deception as to the geographic origin of the goods and if national trade mark law provides insufficient sanctions against this result, resort can be made to the general provisions against misleading practices and/or the provisions against unfair competition.

Consumer and What are Consumer Rights –

Under the new Act, "consumer" is defined as,

1) buys any goods for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any user of such goods other than the person who buys such goods for consideration paid or promised or partly paid or partly promised, or under any system of deferred payment, when such use is made with the approval of such person, but does not include a person who obtains such goods for resale or any commercial purpose or



2) hires or avails of any service for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any beneficiary of such service other than the person who hires or avails of the services for consideration paid or promised, or partly paid and partly promised, or under any system of deferred payment, when such services are availed of with the approval of the first mentioned person, but does not include a person who avails of such service for any commercial purpose.



Explanation - For the purposes of this clause,

- a) the expression "commercial purpose" does not include use by a person of goods bought and used by him exclusively for the purpose of earning his livelihood, by means of self-employment
- b) the expressions "buys any goods" and "hires or avails any services" includes offline or online transactions through electronic means or by teleshopping or direct selling or multi-level marketing.

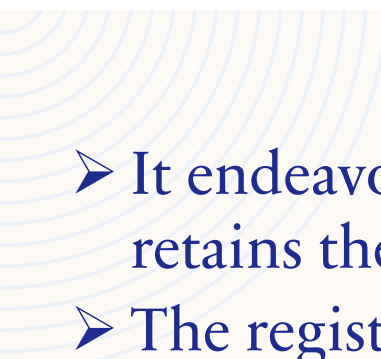


- **Rights of Consumer-**

- Right to be protected against the marketing of goods, products or services which can be hazardous to life and property.
- Right to be informed about the quality, quantity, potency, purity, standard and price of goods, products and services.
- Right to be assured of access to goods, products and services at competitive prices.
- Right to be heard at appropriate forums.
- Right to seek redressal against unfair trade practices that are involved in exploitation of customers.
- Right to consumer awareness.

Mechanism of Protection-

- The financial approach of the trademark protection is to protect the interests of the consumer.
- It helps the consumer to locate and identify the product with little research.
- Protection of trademark facilitate consumers from being deceived by the counterfeiting marks selling low quality products, at the same time trademark protection aims at ensuring interest of trademark owner by rewarding him for investment and creates a goodwill for his product.
- The quality of a product is identified by a consumer through the brand name associated with it.
- The quality experienced by the consumer, called as 'felt quality' leads him to the same brand and its particular product with expectation of experiencing the same 'expected quality'.

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- It endeavors to ensure the consistency in quality of the product and retains the patronage of the loyal customers.
 - The registration of a trademark bestows upon the owner the exclusive right to use that mark.
 - Thus; it is the owner's responsibility through advertisement and publicity to educate the consumers on the unique features of his product as against products of other manufacturers leading to a high level of consumer awareness of the goods and its manufacturer.
 - Now, lots of alternatives are available for almost every product. So, the manufacturer or the owner of trademark has to come up to the expectations of the consumers to make his trademark acceptable to them.

Section 11 (2) of the Trade Marks Act, 1999 states,

- "A trademark which (a) is identical with or similar to an earlier trademark, and
- (b) is to be registered for goods or services which are not similar to those for which the earlier trademark is registered in the name of a different proprietor -shall not be registered if or to the extent the earlier trademark is a well-known trademark in India and use of the later mark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trademark"

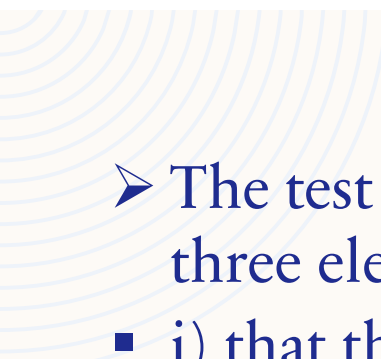
Passing Off: As a Common Law Remedy for Trademark Infringement

- In India, protection of goodwill is maintained through action of passing off for both registered and unregistered trademarks.
- It is a common law remedy when wrongful utilization of reputation and goodwill of another is prevented as it is seen as deception against public with an attempt to pass off his goods.

Cadilla Healthcare Ltd v Cadilla Pharma Ltd

- The passing off depends upon the principle that nobody has the right to represent his goods as the goods of somebody else.
- The modern tort of passing off lays down the main elements that is it should be a misrepresentation in the course of trade to prospective customers or ultimate costumers of goods or service supplied by him which is calculated to injure the business or goodwill of another trader which causes actual damage to the goodwill or business of the trader by whom the action is bought or will probably do so.

- The Supreme Court of India has defined passing-off in Cadila Case as the species of unfair trade competition or of actionable unfair trading by which one person, through deception, attempts to obtain an economic benefit of the reputation, which the other has established for himself in a particular trade or business("Passing-off" has not been defined in the Trade Marks Act, 1999), but the expression has been used under certain provisions of the Act.
- For the success of a claim against passing-off, the plaintiff has to pass the classical trinity test.
- This test was first used in Perry v. Truefitt and was later upheld in the landmark case of **Reckitt & Colman Products Ltd. v Bordan Incorporation.**

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- The test requires the plaintiff to prove the presence of the following three elements in the act of the defendant:
 - i) that the plaintiff had acquired a reputation or goodwill in his goods, name or mark
 - ii) there was a misrepresentation, whether intentional or unintentional, which was done by the defendants by the use of mark of the plaintiff or by any other means (which includes use of similar marks) and which led the purchasers/consumers to believe that the goods and services which were being offered by the defendants are goods and services of the plaintiff or were associated with the plaintiff's goods and services,

- iii) that the plaintiff has already suffered damage or is likely to suffer damage due to such misrepresentation.
- The Apex Court of India has also upheld this test and has applied it in the case of **Laxmikant V Patel v Chetanbhat Shah**.

Advertising Value and Unfair Trade Practices

- Trade Marks Act, 1999 has incorporated the provisions related to this concept in Sections 29(8) and 30(1). According to the statute it is permissible, with certain limitations as to unfair trade practices.
- "Unfair trade practice" has been defined u/s 36A of Monopolies and Restrictive Trade Practices, 1969 that stands repealed now.
- Another statute Consumer Protection Act, 1986 provides protection against unfair trade practice but in the cases of comparative advertising' the parties are firms (whose products are endorsed by the advertisements), which would not come in the ambit of consumers' to approach the consumer forum Nevertheless, judicial pronouncements are playing an important role to determine the extent of comparative advertising.

➤ Trademark Act, 1999 permits comparative advertising u/s 30 (1). But with certain limitations which are provided u/s 29(8) which reads as: A registered trademark is infringed by any advertising of that trademark if such advertising:-

- a) takes unfair advantage and is contrary to honest practices in industrial or commercial matters;
- b) is detrimental to its distinctive character;
- c) is against the reputation of the trademark.

Conclusion

- With the advancement of intellectual property rights in modern era the role of trademark in protecting rights of consumers become more significant.
- In a way, trademark is a specified set of promises from the manufacturer to the consumer. So, a consumer can claim damages if his reasonable expectations are not fulfilled.
- Further, since the use of trade mark enables the manufacturer to distinguish his product from that of the others, the consumer becomes fully aware of the advantages of using that particular product. Trademark helps consumers by protecting their rights and hence its role cannot be undermined in present scenario.