

**PRESENTATION**

**ON**

**GOODWILL AND**

**PASSING OFF**

**TRADE MARK ON**

**CASE LAWS**

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# **GOODWILL AND PASSING OFF**

## **TRADE MARK ON CASE LAWS**

### **Introduction:-**

The foundations of the Trademarks Act are based on the safeguarding of the economic rights of the owners of the trademark and also to protect the common man to not to fall a prey to those who use deceptive practices in this trade. The purpose is to protect commercial goodwill, to ensure that people's business reputations are not exploited. Since business goodwill is an asset, therefore it is a property which the law protects against encroachment or infringement.

### **Economic Dimensions in the Trademarks Law:-**

The Trademarks Act basically deals with the protection of economic interests against economic offences. The provisions under the Act deal with the offences such as passing off, infringement, deceptively similarity and the likes. It is well known that trademark can be registered or non-registered.

In case of the violation of the registered trademark; a suit for infringement will lie. Similarly, in case of a non-registered trademark the action for passing off shall be maintainable.

### **Meaning of Goodwill<sup>1</sup>**

The goodwill which has been the subject of sale is nothing more than the probability that the old customer will resort to the old place. Goodwill is essentially an intangible asset of a firm accruing to it by the good conduct and business performance.

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The definition is very simplistic and rather lay men meaning of what goodwill results in. It has been more elaborately defined in *Trego v. Hunt* by Lord Macnaughten as: 'often it happens that goodwill is the very sap and life of the business, without which the business would yield little or no profits. It is the whole advantage whatever it may be, of the reputation and connection of the firm, which may have been built up by years of honest work or gained by lavish expenditure of money.

Goodwill is essentially an intangible asset of a firm accruing to it by the good conduct and business performance. Therefore it can effectively be defined as the benefits arising from connection and reputation of the business and is primarily an asset. It is intangible and rather difficult to identify per se. Its is also difficult to specify when the goodwill takes existence and no business which commences possesses goodwill from the start.

It is generated as the business is carried on and may be augmented with the passage of time. It has been held in the case of **CIT v. B.C. Srinivasa Setty** that the goodwill is affected by everything relating to the business, the personality of the owners, the nature and character of the business, its name and reputation, its location, its impact on the contemporary market and on the prevailing socio-economic ecology.

Lord Eldon's observation in the case of **Churton v. Douglas** is a very important aspect of the meaning of goodwill, 'goodwill must mean every advantage-every positive advantage. It contrasted with negative advantage of the later partner not carrying on the business himself - that has been acquired by the old firm in carrying on its business, whether connected with the premises in which the business was previously carried on, or with the late firm, or with any other matter carrying with it the benefit of business. It is the public approbation which has been won by the business, and that is considered as a marketable thing; it is the probability of the customers or clientele of the firm resorting to the person or persons who succeed to the business as a going concern. 'Approbation ' was one of the original meaning of goodwill before it was used as commercial slang.

Now, at the time of dissolution, the goodwill may be sold separately or along with the other assets. If there is dissolution of a partnership with a condition that the assets fall to a particular partner and no mention of goodwill is made, it is assumed that the goodwill also falls to the partner getting the other assets. It is therefore quite clear that goodwill is an integral part of the assets. At this time goodwill might in fact be the most important and valuable asset. Also if there is no express or implied agreement to the effect then the goodwill may be sold as an asset on insistence of a partner. It must be noted that earlier neither the Contract Act nor the Partnership Act had any specific provision on goodwill and it has been only a recent development to include the section on goodwill as part of partnership act.

The name of a firm which is included in the goodwill may be excluded from the sale where use of that name is likely, to expose continuing partners, who carry on business, to liability. Goodwill of the business sold seller of goodwill may set up rival business but if he tries to attract customs of old firms he can be restrained by an injunction from doing so, where a person is taken on the condition that the goodwill shall bring to other partner on termination of the partnership above principles applies. Also if there exists a deed of modification to separate business, it cannot be considered a deed of dissolution and thus will not attract Section 55 of the Indian Partnership Act.

**Laxmidas v. Nanabhai** :The question was regarding maintainability of a suit and counter claims. The essential reading regarding Section 55 was laid down as Goodwill is a part of the assets of a firm. The prima facie rule is that the goodwill of the firm being a part of that assets has to be sold just like other assets before the account between the partners can be settled and partnership wound up. But no particular reference to goodwill which is only one of the several assets of a firm in a plaint for taking accounts of a dissolved partnership is required. Similarly the existence of goodwill is an asset of the firm, which has to be sold and the proceeds divided between the partners in the account taking is no bar to the conversion of a counter claim into a plaint in a cross suit is not easy to comprehend.

## **Passing off and the concept of goodwill in the law of contract**

Passing off is a part of the law of contract which can be used to enforce unregistered trademark rights.

The tort of passing off protects the goodwill of a trader from a misrepresentation that causes damage to goodwill.

The law of passing off prevents one person from misrepresenting his or her goods or services as being the goods and services of the claimant, and also prevents one person from holding out his or her goods or services as having some association or connection with the plaintiff when this is not true.

## **Passing off and trademark law<sup>2</sup>**

A cause of action for passing off is a form of intellectual property enforcement against the unauthorised use of a mark which is considered to be similar to another party's registered or unregistered trademarks, particularly where an action for trademark infringement based on a registered trade mark is unlikely to be successful (due to the differences between the registered trademark and the unregistered mark).

Passing off and the law of registered trademarks deal with overlapping factual situations, but deal with them in different ways. Passing off does not confer monopoly rights to any names, marks, get-up or other indicia.

It does not recognize them as property in its own right. Instead, the law of passing off is designed to prevent misrepresentation in the course of trade to the public, for example, that there is some sort of association between the business of defendant and that of the claimant. Another example of passing off is where the defendant does something so that the public is misled into thinking the activity is associated with the claimant, and as a result the claimant suffers some damage, under the law of passing off it may be possible for the claimant to initiate action against the defendant.

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<sup>2</sup> [www.legalserviceindia.com/...Trademark...Passing-Off.html](http://www.legalserviceindia.com/...Trademark...Passing-Off.html)

### **Elements of Passing Off<sup>3</sup>**

There are three elements, often referred to as the Classic Trinity, in the tort which must be fulfilled.

- 1) Goodwill owned by a trader
- 2) Misrepresentation
- 3) Damage to goodwill

The Plaintiffs/complainant have the burden of proving goodwill in its goods/services, get-up of goods, brand, mark and/or itself per se. The Plaintiff also has the burden of proof to show false representation (intentional or otherwise) to the public to have them believe that goods/services of Defendant are that of the Plaintiff; thus, there must be some connection between Plaintiff's and Defendant's goods/services/trade. They must show likelihood and/or actual deception/confusion in the public. Deception/confusion, however, does not consider a 'moron in a hurry'. Newspapers Limited [1979] and Newsweek Inc. v. British In relation to the element of damage to goodwill, there may be loss/diversion of trade or dilution of goodwill. The Plaintiff need not prove actual or special damage; real and tangible probability of damage is sufficient.

This damage should however be reasonably foreseeable. It is insufficient to simply show likelihood/actual deception and/or confusion. Ultimately, the Court must use common sense in determining the case, based on evidence and judicial discretion, and not witnesses.

**Extended passing off:-** One of the instances where passing off is actionable is the extended form of passing off, where a defendant's misrepresentation as to the particular quality of a product or services causes harm to the plaintiff's goodwill. An example of this is Erven Warnink v J Townsend & Sons (Hull) Ltd [1979] AC 731, in which the makers of advocaat sued a manufacturer of a drink similar but not identical to advocaat, but which was successfully marketed as being advocaat.

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<sup>3</sup> [www.legalserviceindia.com/...Trademark...Passing-Off.html](http://www.legalserviceindia.com/...Trademark...Passing-Off.html)

The extended form of passing off is used by celebrities as a means of enforcing their personality rights in common law jurisdictions. Common law jurisdictions (with the exception of Jamaica) do not recognise personality rights as rights of property. Accordingly, celebrities whose images or names have been used can successfully sue if there is a representation that a product or service is being endorsed or sponsored by the celebrity or that the use of the likeness of the celebrity was authorised when this is not true.

#### **Cases Relating to Economic Aspects of the Trademark Law Passing Off**<sup>4</sup>

In the case of *Weston Electronics v. Rajesh and Co*, plaintiff co. manufactured electronic goods and sold them under the registered trademark of Weston. Defendant was passing off its goods as those of the plaintiff. Held, use of trademark Weston by the defendant is likely to result in defendant's goods being passed off as those of the plaintiff and at least the possibility of confusion resulting in the minds of unwary purchasers with imperfect memory cannot be ruled out. Thus there is clear offence of passing off against the defendants. Similarly, in the case of *Smithkline Beecham v. Hindustan Lever Ltd*, it was held that mere publication of an advertisement in a journal cannot establish a trans-border reputation. Such reputation if any is confined to a particular class of people, i.e., the person subscribing to the said specialized journals and the same cannot be said to be extended to the general consumers. Thus any adverse effect on the firm in such a case cannot be amounted to the offence of "passing off". The English Law has a similar opinion. It is evident from the case of *Reckitt and Colman v. Borden* where the plaintiff sold lemon juice in a yellow plastic lemon shaped container. Jiff was embossed on the side and printed on a neck label. There was strong evidence that the purchasing public would think that they were buying a Jiff lemon if confronted by the defendant's lemon juice in a similar packaging. It was held that the defendant's proposed get up would amount to a threat of passing off against which an injunction should be granted. Also the court's opinion in the case of *Gillette Company* is mentionable.

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<sup>4</sup> WIPO [http://www.wipo.int/sme/en/ip\\_business/marks/well\\_known\\_marks.htm](http://www.wipo.int/sme/en/ip_business/marks/well_known_marks.htm)

In the case of Gillette UK Ltd. v. Edenwest Ltd.<sup>4</sup> the plaintiffs manufactured and sold a disposable razor blade called Gillette G-II. The plaintiffs sued for passing off and seeking an injunction. The defendant contended that it never tried to harm the plaintiffs' economic interests and were unaware of the fact that the blades were counterfeit.

It was held that the defendant's innocence on such a claim couldn't protect them against a suit for "passing off" so as to affect the economic interests of the plaintiffs.

### **Infringement:-**

With regard to infringement of trademarks, a lot of cases have been filed in various courts in various parts of the world. In recent times, special courts have been constituted for the same purpose and even they are flooded now with cases. Some of the recent most and important cases are discussed here.

In the case of Panacea Biotec Ltd. v. Recon Ltd. the plaintiff manufactured nimesulide tablets under the brand name Nimulid. Within a short span, the trademark acquired a good prestige in the market. Now the defendants started manufacturing drugs under the name Remulid. The plaintiff sought interim injunction against the defendants as their act was adversely affecting their economic interests and that too, unlawfully. Held-the trademark of the medicine in question is a pointer to the drug from which it is manufactured. When a name is derived from the name of the principal ingredient, no distinctiveness or exclusiveness can be claimed by trader in respect of the part of the name taken by him for his trademark.

The English jury has also given important judgments on this issue. In the case of Philips Electronics v. Remington Products, Philips owned a registered Trademark for a device called Philishave. It was a unique three-headed rotary shaver, which it had manufactured and sold for many years.

Now when the defendant brought its product Remington DT55, a three headed razor in the market, plaintiffs alleged the infringement of their trademark and further claimed that it is violative of the article 6-bis of the Paris convention on trademarks. It was held that the three-headed shaver was incapable of distinguishing the goods of Philips from others and was devoid of distinct character. So the act of the defendants cannot be said as an infringement, amounting to hampering the economic interests of the plaintiffs.

### **The Deceptive Similarity :-**

When some product is launched in the market which has the same or closely similar trademark to any other well established product, some people tend to buy the new product. This is an economic offence and punishable. Some of the Indian and foreign cases are being discussed here to have the opinion of the judiciary on the issue. In the case of **Hitachi Ltd. v Ajay Kumar Agarwal**<sup>5</sup> the applicants who were the registered users of the trademark Hitachi filed suit against the defendants contending that the trademark Hitaishi was deceptively similar to that of Hitachi. The single judge bench held that because the later word is being used in devanagari script (Hindi), there is no case of deceptive similarity. But in appellate court it was held that on application of the rule of the ear, hitaishi seems to be deceptively similar to Hitachi. The ordinary Indian man pronounces the two words almost similarly and thus it is difficult for an ordinary man to precisely understand the phonetic impact. Thus the defendant's trademark is deceptively similar to that of the applicants. Similarly the case of Lakme Ltd. v. Subhash Trading also deserves mention. In this case the plaintiff was the registered proprietor of the trademark "Lakme" in respect of cosmetics and perfumery. The defendant also adopted a trademark Lakeme in respect of nail enamel polish and cosmetics. Held- when both words are articulated it would be difficult for an ordinary person to distinguish between the two sounds. Applying the test of phonetic resemblance, there is a striking resemblance between the two words and there is a real danger and deception being caused by the two words in view of the affinity of these words. So injunction was granted against the defendants.

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<sup>5</sup> WIPO [http://www.wipo.int/sme/en/ip\\_business/marks/well\\_known\\_marks.htm](http://www.wipo.int/sme/en/ip_business/marks/well_known_marks.htm)

**Hindustan lever ltd. v. Susi chemicals pvt. Ltd.**<sup>6</sup> the plaintiffs since the year 1968 had been marketing detergent cakes under the name and trademark Rin which is registered. The wrapping of the cake is done in typical blue background red bold lettering with white shades. Majority of its customers from rural areas who don't understand English recognize the product by wrapper itself. It came to the knowledge of the plaintiffs that the defendants are manufacturing and selling a detergent cake with the brand name Step. The word Step is written in the same characteristic manner as that of Rin. Even the shape, size and weight of the defendant's products were same. The plaintiffs contented that it is harming their economic interests as their sales in the rural areas has fallen steeply.

Held- a great confusion has been created in the market due to the deceptive act of the defendant. The plaintiffs economic interests are unlawfully harmed. Thus permanent injunction was granted against the defendant.

Kellogg's cornflakes co. giving relief to the defendant. In the case of **Kellogg's Company v. Pravin kr. Bhadabhai**<sup>7</sup>, the appellant sold corn flakes in cartons having the name Kellogg's corn flakes. Later the defendants started manufacturing and selling corn flakes in the cartons on which it was written in bold letters Aims Aristo corn flakes. The court held that though the small red and green border was there in both types of cartons, but there was a clear demarcation in the way of writing of the words. When viewed as a whole one can see that the words Kellogg's and aims are prominently displayed on each and therefore there can be no confusion.

The extent to which a trademark owner may prevent unauthorized use of trademarks which are the same as or similar to its trademark depends on various factors such as whether its trademark is registered, the similarity of the trademarks involved, the similarity of the products or services involved, and whether the owner's trademark is well known or, under U.S. law relating to trademark dilution, famous.

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<sup>6</sup> WIPO [http://www.wipo.int/sme/en/ip\\_business/marks/well\\_known\\_marks.htm](http://www.wipo.int/sme/en/ip_business/marks/well_known_marks.htm)

<sup>7</sup> WIPO [http://www.wipo.int/sme/en/ip\\_business/marks/well\\_known\\_marks.htm](http://www.wipo.int/sme/en/ip_business/marks/well_known_marks.htm)

If a trademark has not been registered, some jurisdictions (especially Common Law countries) offer protection for the business reputation or goodwill which attaches to unregistered trademarks through the tort of passing off. Passing off may provide a remedy in a scenario where a business has been trading under an unregistered trademark for many years, and a rival business starts using the same or a similar mark.

If a trademark has been registered, then it is much easier for the trademark owner to demonstrate its trademark rights and to enforce these rights through an infringement action. Unauthorized use of a registered trademark need not be intentional in order for infringement to occur, although damages in an infringement lawsuit will generally be greater if there was an intention to deceive.

For trademarks which are considered to be well known, infringing use may occur where the use occurs in relation to products or services which are not the same as or similar to the products or services in relation to which the owner's mark is registered.

### **Limits and defences to claims of infringement:-**

Trademark is subject to various defences, such as abandonment, limitations on geographic scope, and fair use. In the United States, the fair use defence protects many of the interests in free expression related to those protected by the First Amendment.

Fair use may be asserted on two grounds, either that the alleged infringer is using the mark to describe accurately an aspect of its products, or that the alleged infringer is using the mark to identify the mark owner. One of the most visible proofs that trademarks provide a limited right in the U.S. comes from the comparative advertising that is seen throughout U.S. media.

An example of the first type is that although Maytag owns the trademark "Whisper Quiet", makers of other products may describe their goods as being "whisper quiet" so long as these products do not fall under the same category of goods the trademark is protected under.

An example of the second type is that Audi can run advertisements saying that a trade publication has rated an Audi model higher than a BMW model, since they are only using "BMW" to identify the competitor. In a related sense, an auto mechanic can truthfully advertise that he services Volkswagens, and a former Playboy Playmate of the Year can identify herself as such on her website.

### **Wrongful or groundless threats of infringement:-**

The Various jurisdictions have laws which are designed to prevent trademark owners from making wrongful threats of trademark infringement action against other parties. These laws are intended to prevent large or powerful companies from intimidating or harassing smaller companies.

Where one party makes a threat to sue another for trademark infringement, but does not have a genuine basis or intention to carry out that threat, or does not carry out the threat at all within a certain period, the threat may itself become a basis for legal action. In this situation, the party receiving such a threat may seek from the Court a declaratory judgment; also known as a declaratory ruling.

Other aspects

### **Public policy:-**

Trademark law is designed to fulfill the public policy objective of, by preventing the public from being misled as to the origin or quality of a product or service. By identifying the commercial source of products and services, trademarks facilitate consumer protection identification of products and services which meet the expectations of consumers as to quality and other characteristics.

Trademarks may also serve as an incentive for manufacturers, providers or suppliers to consistently provide quality products or services to maintain their business reputation.

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Furthermore, if a trademark owner does not maintain quality control and adequate supervision in relation to the manufacture and provision of products or services supplied by a licensee, such "naked licensing" will eventually adversely affect the owner's rights in the trademark.

By the same token, trademark holders must be cautious in the sale of their mark for similar reasons as apply to licensing. When assigning an interest in a trademark, if the associated product or service is not transferred with it, then this may be an "assignment-in-gross" and could lead to a loss of rights in the trademark. It is still possible to make significant changes to the underlying goods or services during a sale without jeopardizing the trademark, but companies will often contract with the sellers to help transition the mark and goods or services to the new owners to ensure continuity of the trademark.

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### **Comparison with patents, designs and copyright:-**

While trademark law seeks to protect indications of the commercial source of products or services, patent law generally seeks to protect new and useful inventions, and registered designs law generally seeks to protect the look or appearance of a manufactured article. Trademarks, patents and designs collectively form a subset of intellectual property known as industrial property because they are often created and used in an industrial or commercial context.

By comparison, copyright law generally seeks to protect original literary, artistic and other creative works. Continued active use and re-registration can make a trademark perpetual, whereas copyright usually lasts for the duration of the author's lifespan plus 60 years for works by individuals, and some limited time after creation for works by bodies corporate. This can lead to confusion in cases where a work passes into the public domain but the character in question remains a registered trademark.

Although intellectual property laws such as these are theoretically distinct, more than one type may afford protection to the same article. For example, the particular design of a bottle may qualify for copyright protection as a non-utilitarian i.e. sculpture, or for trademark protection based on its shape, or the 'trade dress' appearance of the bottle as a whole may be protectable.

Titles and character names from books or movies may also be protectable as trademarks while the works from which they are drawn may qualify for copyright protection as a whole. Trademark protection does not apply to utilitarian features of a product such as the plastic interlocking studs on lego bricks.

Drawing these distinctions is necessary, but often challenging for the courts and lawyers, especially in jurisdictions where patents and copyrights pass into the public domain, depending on the jurisdiction. Unlike patents and copyrights, which in theory are granted for one-off fixed terms, trademarks remain valid as long as the owner actively uses and defends them and maintains their registrations with the competent authorities. This often involves payment of a periodic renewal fee.

As a trademark must be used to maintain rights in relation to that mark, a trademark can be 'abandoned' or its registration can be cancelled or revoked if the mark is not continuously used.

By comparison, patents and copyrights cannot be 'abandoned' and a patent holder or copyright owner can generally enforce their rights without taking any particular action to maintain the patent or copyright. Additionally, patent holders and copyright owners may not necessarily need to actively police their rights. However, a failure to bring a timely infringement suit or action against a known infringer may give the defendant a defense of implied consent or estoppel when suit is finally brought.

Like patents and copyrights, trademarks can be bought, sold, and transferred from one company or another. Unlike patents and copyrights, trademarks may not remain in tact through this process. Where trademarks have been acquired for the purpose of marketing generic (non-distinctive) products, courts have refused to enforce them.

### **Dilution**<sup>8</sup>

A trademark is diluted when the use of similar or identical trademarks in other non-competing markets means that the trademark in and of itself will lose its capacity to signify a single source.

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<sup>8</sup> WIPO [http://www.wipo.int/sme/en/ip\\_business/marks/well\\_known\\_marks.htm](http://www.wipo.int/sme/en/ip_business/marks/well_known_marks.htm)

In other words, unlike ordinary trademark law, dilution protection extends to trademark uses that do not confuse consumers regarding who has made a product. Instead, dilution protection law aims to protect sufficiently strong trademarks from losing their singular association in the public mind with a particular product, perhaps imagined if the trademark were to be encountered independently of any product (e.g., just the word Pepsi spoken, or on a billboard). Under trademark law, dilution occurs either when unauthorized use of a mark "blurs" the "distinctive nature of the mark" or "tarnishes it." Likelihood of confusion is not required.

### **Sale, transfer and licensing:-**

In various jurisdictions a trademark may be sold with or without the underlying goodwill which subsists in the business associated with the mark. However, this is not the case in the United States, where the courts have held that this would "be a fraud upon the public". In the U.S., trademark registration can therefore only be sold and assigned if accompanied by the sale of an underlying asset. Examples of assets whose sale would ordinarily support the assignment of a mark include the sale of the machinery used to produce the goods that bear the mark, or the sale of the corporation (or subsidiary) that produces the trademarked goods.

### **Licensing**

It means getting a permit from the trademark owner (the licensor) to a third party, in order to commercial use the trademark legally. Which is a contract form between the two has all the policy and content scope. The essential the provisions to a trademark license identify the trademark owner, the third party (licensee), in addition to both policy and the goods or services agreed to be licensed.

Most jurisdictions provide for the use of trademarks to be licensed to third parties. The licensor (usually the trademark owner) must monitor the quality of the goods being produced by the licensee to avoid the risk of trademark being deemed abandoned by the courts.

A trademark license should therefore include appropriate provisions dealing with quality control, whereby the licensee provides warranties as to quality and the licensor has rights to inspection and monitoring.

### **Domain names:-**

The advent of the domain name system has led to attempts by trademark holders to enforce their rights over domain names that are similar or identical to their existing trademarks, particularly by seeking control over the domain names at issue. As with dilution protection, enforcing trademark rights over domain name owners involves protecting a trademark outside the obvious context of its consumer market, because domain names are global and not limited by goods or service.

This conflict is easily resolved when the domain name owner actually uses the domain to compete with the trademark owner. Cybersquatting, however, does not involve competition. Instead, an unlicensed user registers a domain name identical to a trademark, and offers to sell the domain to the trademark owner. Typosquatters, those registering common misspellings of trademarks as domain names have also been targeted successfully in trademark infringement suits. "Gripe sites," on the other hand, tend to be protected as free speech, and are therefore more difficult to attach as trademark infringement.

This clash of the new technology with preexisting trademark rights resulted in several high profile decisions as the courts of many countries tried to coherently address the issue (and not always successfully) within the framework of existing trademark law. As the website itself was not the product being purchased, there was no actual consumer confusion, and so initial interest confusion was a concept applied instead.

In the US, the legal situation was clarified by the Anticybersquatting Consumer Protection Act, an amendment to the Lanham Act, which explicitly prohibited cybersquatting.

It defines cybersquatting as "(occurring) when a person other than the trademark holder registers the domain name of a well-known trademark and then attempts to profit from this by either ransoming the domain name back to the trademark holder or using the domain name to divert business from the trademark holder to the domain name holder".

The provision states that "person shall be liable in a civil action by the owner of the mark. if, without regard to the goods or services of the person, that person (i) had a bad faith intent to profit from the mark; and registers, traffics in, or uses domain name [that is confusingly similar to another's mark or dilutes another's mark]".

This international legal change has also led to the creation of ICANN Uniform Domain-Name Dispute-Resolution Policy (UDRP) and other dispute policies for specific countries (such as Nominet UK's DRS) which attempt to streamline the process of resolving who should own a domain name (without dealing with other infringement issues such as damages). This is particularly desirable to trademark owners when the domain name registrant may be in another country or even anonymous.

### **International law:-**

It is important to note that although there are systems which facilitate the filing, registration or enforcement of trademark rights in more than one jurisdiction on a regional or global basis it is currently not possible to file and obtain a single trademark registration which will automatically apply around the world. Like any national law, trademark laws apply only in their applicable country or jurisdiction, a quality which is sometimes known as "territoriality".

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### **Territorial application:-**

The inherent limitations of the territorial application of trademark laws have been mitigated by various intellectual property treaties, foremost amongst which is the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights.

TRIPS establishes legal compatibility between member jurisdictions by requiring the harmonization of applicable laws. For example, Article 15(1) of TRIPS provides a definition for "sign" which is used as or forms part of the definition of "trademark" in the trademark legislation of many jurisdictions around the world.

### **Madrid system:-**

The major international system for facilitating the registration of trademarks in multiple jurisdictions is commonly known as the "Madrid system". Madrid provides a centrally administered system for securing trademark registrations in member jurisdictions by extending the protection of an "international registration" obtained through the World Intellectual Property Organization. This international registration is in turn based upon an application or registration obtained by a trade mark applicant in its home jurisdiction.

The primary advantage of the Madrid system is that it allows a trademark owner to obtain trademark protection in many jurisdictions by filing one application in one jurisdiction with one set of fees, and make any changes (e.g. changes of name or address) and renew registration across all applicable jurisdictions through a single administrative process. Furthermore, the "coverage" of the international registration may be extended to additional member jurisdictions at any time.

### **INTA's position:-**

INTA strongly supports and encourages governments of WIPO member countries to take all action necessary to adhere to the Madrid Protocol. The Association encourages countries to optimize their trademark office operations under the harmonized registration procedures in order to reduce costs and other burdens for local and international trademark owners. Through its advocacy strategy launched in 2006, INTA, in partnership with the USPTO, WIPO and other IP associations, has played a leading role in promoting the Madrid Protocol in Latin American countries, including Argentina, Brazil, Colombia, Nicaragua and Peru. INTA policy seminars conducted throughout the region have championed the advantages of joining the Madrid System, but also have helped identify some of the challenges that must be addressed by local authorities and IP stakeholders

### **Trademark Law Treaty:-**

The Trademark Law Treaty establishes a system pursuant to which member jurisdictions agree to standardize procedural aspects of the trademark registration process. It is not necessarily respective of rules within individual countries.

### **Community Trade Mark system:-**

The Community Trade Mark system is the trademark system which applies in the European Union, whereby registration of a trademark with the Office for Harmonization in the Internal Market (Trade Marks and Designs) (i.e. OHIM, the trademarks office of the European Union), leads to a registration which is effective throughout the EU as a whole. The CTM system is therefore said to be unitary in character, in that a CTM registration applies indivisibly across all European Union member states. However, the CTM system did not replace the national trademark registration systems; the CTM system and the national systems continue to operate in parallel to each other (see also European Union trade mark law).

One of the tasks of a CTM owner is the monitoring of the later applications whether any of those is similar to his/her earlier trademark. Monitoring is not easy and usually requires professional expertise. To conduct a monitoring there is the so-called Trademark Watching service where it can be checked if someone tries to get registered marks that are similar to the existing marks. Oppositions should be filed on the standard opposition form in any official language of the European Union, however, the substantive part of the opposition (e.g. the argumentations) can be submitted only in the language of the opposed application, that is one of the working languages of the OHIM, e.g. English, Spanish, German. Worth noting that in most of the cases the opponents file their oppositions in English.

### **Protection of well-known marks**

Many countries protect unregistered well-known marks in accordance with their international obligations under the Paris Convention for the Protection of Industrial Property and the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement).

Consequently, not only big companies but also SMEs may have a good chance of establishing enough goodwill with customers so that their marks may be recognized as well-known marks and acquire protection without registration. It is, nevertheless, advisable to seek registration, taking into account that many countries provide for an extended protection of registered well-known marks against dilution, e., the reputation of the mark being weakened by the unauthorized use of that mark by others.

The number of trademark laws merely implement obligations under Article 16.3. of the TRIPS Agreement and protect well-known registered trademarks only under the following conditions: 1- that the goods and services for which the other mark is used or is seeking protection are not identical with or similar to the goods for which the well-known mark acquired its reputation 2- that the use of the other mark would indicate a connection between these goods and the owner of the well-known mark, and 3 - that his interests are likely to be damaged by such use.

\_ Terms such as "mark", "brand" and "logo" are sometimes used interchangeably with "trademark". "Trademark", however, also includes any device, brand, label, name, signature, word, letter, numerical, shape of goods, packaging, colour or combination of colours, smell, sound, movement or any combination thereof which is capable of distinguishing goods and services of one business from those of others. It must be capable of graphical representation and must be applied to goods or services for which it is registered.

Specialized types of trademark include certification marks, collective trademarks and defensive. A trademark which is popularly used to describe a product or service (rather than to distinguish the product or services from those of third parties) is sometimes known as a generalized trademark. If such a mark becomes synonymous with that product or service to the extent that the trademark owner can no longer enforce its proprietary rights, the mark becomes generic.

A "trademark look" is an informal term for a characteristic look for a performer or character of some sort. It is usually not legally trademark protected and the term is not used in the trademark law.

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**Registration:-**

The law considers a trademark to be a form of property. Proprietary rights in relation to a trademark may be established through actual use in the market place, or through registration of the mark with the trademarks office (or "trademarks registry") of a particular jurisdiction. In some jurisdictions, trademark rights can be established through either or both means. Certain jurisdictions generally do not recognize trademarks rights arising through use. If trademark owners do not hold registrations for their marks in such jurisdictions, the extent to which they will be able to enforce their rights through trademark infringement proceedings will therefore be limited. In cases of dispute, this disparity of rights is often referred to as "first to file" as opposed to "first to use."

In the United States, the registration process includes several steps. First, the trademark owner files an application to register the trademark. About three months after it is filed, the application is reviewed by an examining attorney at the U.S. Patent and Trademark Office. The examining attorney checks for compliance with the rules of the Trademark Manual of Examination Procedure. This review includes procedural matters such as making sure the applicant's goods or services are identified properly. It also includes more substantive matters such as making sure the applicant's mark is not merely descriptive or likely to cause confusion with a pre-existing applied-for or registered mark. If the application runs afoul of any requirement, the examining attorney will issue an office action requiring the applicant to address certain issues or refusals prior to registration of the mark. If the examining attorney approves the application, it will be "published for opposition." During this 30-day period third-parties who may be affected by the registration of the trademark may step forward to file an Opposition Proceeding to stop the registration of the mark. If an Opposition proceeding is filed it institutes a case before the Trademark Trial and Appeal Board to determine both the validity of the grounds for the opposition as well as the ability of the applicant to register the mark at issue. Finally, provided that no third-party opposes the registration of the mark during the opposition period or the opposition is ultimately decided in the applicant's favor the mark will be registered in due course.

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Outside of the United States the registration process is substantially similar to that found in the U.S. save for one notable exception in many countries: registration occurs prior to the opposition proceeding. In short, once an application is reviewed by an examiner and found to be entitled to registration a registration certificate is issued subject to the mark being open to opposition for a period of typically 6 months from the date of registration.

A registered trademark confers a bundle of exclusive rights upon the registered owner, including the right to exclusive use of the mark in relation to the products or services for which it is registered. The law in most jurisdictions also allows the owner of a registered trademark to prevent unauthorized use of the mark in relation to products or services which are identical or "colourfully" similar to the "registered" products or services, and in certain cases, prevent use in relation to entirely dissimilar products or services. The test is always whether a consumer of the goods or services will be confused as to the identity of the source or origin. An example may be a very large multinational brand such as "Sony" where a non-electronic product such as a pair of sunglasses might be assumed to have come from Sony Corporation of Japan despite not being a class of goods that Sony has rights in.

Once trademark rights are established in a particular jurisdiction, these rights are generally only enforceable in that jurisdiction, a quality which is sometimes known as territoriality. However, there is a range of international trademark laws and systems which facilitate the protection of trademarks in more than one jurisdiction

**Distinctive character:-**

Trademarks rights must be maintained through actual lawful use of the trademark. These rights will cease if a mark is not actively used for a period of time, normally 5 years in most jurisdictions. In the case of a trademark registration, failure to actively use the mark in the lawful course of trade, or to enforce the registration in the event of infringement, may also expose the registration itself to become liable for an application for the removal from the register after a certain period of time on the grounds of "non-use". It is not necessary for a trademark owner to take enforcement action against all infringement if it can be shown that the owner perceived the infringement to be minor and inconsequential.

This is designed to prevent owners from continually being tied up in litigation for fear of cancellation. An owner can at any time commence action for infringement against a third party as long as it had not previously notified the third party of its discontent following third party use and then failed to take action within a reasonable period of time (called acquiescence). The owner can always reserve the right to take legal action until a court decides that the third party had gained notoriety which the owner 'must' have been aware of. It will be for the third party to prove their use of the mark is substantial as it is the onus of a company using a mark to check they are not infringing previously registered rights. In the US, owing to the overwhelming number of unregistered rights, trademark applicants are advised to perform searches not just of the trademark register but of local business directories and relevant trade press. Specialized search companies perform such tasks prior to application.

### **Conclusion:-**

The purpose is to protect commercial goodwill, to ensure that people's business reputations are not exploited. Since business goodwill is an asset, therefore it is a property which the law protects against encroachment or infringement.

The asset protected is the reputation of the plaintiff's business as in the relevant market. It is manifested in the various indications which lead the client or customer to associate the business with the plaintiff, such as, Name of the business, mark, design, make-up, color of the plaintiff's goods, The distinctive characteristics of the services supplied by the plaintiff Or the nature of his special processes. A trademark adds up to the goodwill of the firm or the organization. Though there are no specific provisions in the said act which are related to economy of trademarks, but a reasonable and prudent man can look deeply in the Act and find that the whole structure of the trademark law is based on economic principles. It is to safeguard the economic interests of the legal user of the trademark, and that is the need of the day.

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