

“PASSING OFF ACTION UNDER TRADE MARK LAW”

ABSTRACT

With the growth of economy trades are increasing at the faster pace. To recognize one's product the traders associate themselves with the name by which their product is known to the public is called as the Trade Mark. Trade Mark Act, 1999 along with the Trade Mark Rules 2002 gives rights related to the Trade Mark. These legislatures give plenty of rights to the registered trade mark holder. Does this mean that those who do not have registered their Trade Mark are not subjected to any right? No, it is not so. Those who have not registered trade mark can also stop the other person to use the identical or similar trade mark by the Doctrine of Passing Off. This doctrine is based on the principle that no one has right to represent one's goods as the goods of other. To get the remedy of passing off the plaintiff has to prove that he is the owner of the mark, and the same has gained reputation and goodwill and misrepresentation has been done by the defendant due to which the plaintiff has suffered huge damages. This article deals with the concept of the passing off, the main elements that constitutes passing off, evolution of law of passing, difference of it with the infringement and the role of judiciary to uphold the concept of passing off. Though the person who has not registered the trade mark get the rights but these rights are very limited. As to prove the passing off one has to show reputation and goodwill attached to passing off as no criteria or definition is provided in any of the statute. So it becomes cumbersome job for the plaintiff to prove the same and even judiciary takes different approach in different case in relation to passing off.

Keywords -: Passing Off, Infringement, Goodwill, Reputation and Misrepresentation.

PASSING OFF ACTION UNDER TRADE MARK LAW

“Nobody has any right to represent his goods as the goods of somebody else.”

- Halsbury¹

This means that no one has right to represent one's goods as the goods of someone else. People has the misconception in mind that the remedy to stop anyone to use his/her mark is available to one who has registered the trademark but the Trade Mark law provides the same remedy in form of passing off to unregistered trademark holder also². Passing Off is a common law tort which protects the goodwill and reputation of trade mark holder against damage caused by misrepresentation by defendant³. It is based on a principle that “A man may not sell his own goods under the pretence that they are the goods of another man”⁴. The Supreme Court has defined passing-off action in Cadila Healthcare Ltd v. Cadila Pharmaceuticals Ltd⁵ 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”.

The action of passing off can be done by using the trade name, trade mark or other get up of the plaintiff as to induce in potential purchasers the belief that his goods or business were those of plaintiff⁶. The tort lies in misrepresentation by the defendant. The misrepresentation is aimed at the potential buyers of the goods or services, who are invited to buy the goods believing that the goods are of the plaintiff. This might be done through confusing or deceitful use of the trade names, marks or other indications used by the plaintiff in respect of such goods or services⁷.

¹ Mathew VC, Legal Expert Blog: How Passing Off Can Be a Legal Remedy For Unregistered Trademark Holders, www.lawisgreek.com/legal-expert-blog-how-passing-off-can-be-a-legal-remedy-for-unregistered-trademark-holders

² Section 27, Trade Mark Act, 1999.

³ Trademark Dilution and Tort of Passing Off, letstalkaboutthelaw.wordpress.com/2013/03/29/trademark-dilution-and-the-tort-of-passing-off/

⁴ N.R. Dongre v. Whirlpool Corporation, AIR 1995 Del 300

⁵ (2001) 5 SCC 73

⁶ Chopra Prema, Passing Off under Trademark, www.legalservicesindia.com/article/article/passing-off-under-trademark-1254-1.html

⁷ Bansal Ashwini Kr., Law of Trade Marks in India, Center of Law, Intellectual Property and Trade, 2006.

The passing off action is to correct an actionable wrong, based on the broader common law principle that nobody has any right to represent his goods or business as the goods or business of somebody else. The principle is that “trading must not only be honest but must not even unintentionally be dishonest”⁸. The purpose of passing off action is to protect commercial goodwill and to ensure the purchasers are not exploited and dishonest trading is prevented. For that, the plaintiff must establish that his business or goods have acquired the reputation. Where the defendants’ goods are marked with the trademark of plaintiff or made-up or described as calculated to mislead the ordinary purchaser, it is this tendency to mislead or confuse which forms the gist of passing off action. There is no need to establish fraud or actual deception or actual damages in such cases⁹.

The passing off action is independent of Statutory Right. The Supreme Court has laid down in no uncertain terms that in a passing off action, the plaintiff’s right is independent of a statutory right to trade mark and it is against the conduct of the defendant which leads to or is intended or calculated to lead to ‘deception’. It was held that passing off is a species of unfair trade competition or of unfair actionable unfair trading by which one person through deception attempts to obtain economic benefit of the reputation which another has established for himself in a particular trade or business. The passing off action is regarded as an action for deceit¹⁰.

The law of passing off thus does not protect the interest of the owner of the trademark but of the consumers also against misrepresentation. In the case of Consumer Distributing Co. v. Seiko Time Canada Ltd.¹¹, it was held that *“the simple wrong of selling one's goods deceitfully as those of another is not now the core of the action. It is the protection of the community from the consequential damage of unfair competition and unfair trading.”*

ESSENTIALS THAT CONSTITUTE PASSING OFF ACTION

The law of passing off arises when there is misrepresentation, goodwill is harmed in the course of trade, which causes damage to the trade or goodwill of the trader by whom the

⁸ Lord Morris in Parker – Knoll v. Knoll international Limited, (1962) RPC 265 at 278.

⁹ Sri Shadi lal Enterprises v. Kesar Enterprises Ltd., 1998 PTC (18) 309.

¹⁰ Wander Ltd. v. Antox India (P) Ltd., 1990 (Suppl.) SCC 727.

¹¹ [1984] 1 S.C.R. 583

action is brought¹². The characteristics of passing – off are discussed and explained in number of cases. Lord Diplock in *Erven Warnik B.V. v. Townend*¹³,

1. Misrepresentation;
2. Made by person in course of trade,
3. To prospective consumers of his or ultimate consumers of goods or services supplied by him,
4. Which was calculated to injure business or goodwill of another trade (in the sense that this is reasonably foreseeable consequence), and
5. Which caused actual damage to a business or goodwill of a trader by whom the action was brought, or in a quia tmet action would probably do so.

There are three main elements of the tort of passing off which were also referred as “classical trinity” in *Harrods v. Harrodian School*¹⁴ is:

1. Reputation;
2. Deception; and
3. Damage

Once a misrepresentation is established it is reasonable to infer that the customers of the goods bought them on that misrepresentation unless there is evidence to the contrary¹⁵.

In the case of *Reckitt & Colman*¹⁶, it was stated that according to the law of passing off no man could pass off his goods as those of another. It may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. Firstly, goodwill has to be established or the reputation attached to goods or services which he supplies in the mind of purchasing public by association with the identifying “get up” under which his particular goods or services are offered to the public as distinctive specifically of the plaintiff goods and services. Secondly, he must demonstrate a misrepresentation by the defendant to the public leading or likely to lead the public into believing that goods or services offered by him are goods and services of the plaintiff. Thirdly, he must demonstrate that he suffers or likely to suffer damage by reason of erroneous belief engendered by the defendant’s misrepresentation that the source of defendant’s goods or services is the same as the source of those offered by the plaintiff. There are two necessary elements, first a

¹² Hart Tina & Fazzani Linda, *Intellectual property law*, Ed. 3rd, Palgrave Macmillan, 2004.

¹³ (1979) 2 All ER 927

¹⁴ (1996) RPC 698

¹⁵ *Mirage Studio v. Counter Feat Clothings*, (1991) FSR 145.

¹⁶ (1990) RPC 341

misrepresentation expressed or implied but not necessary fraudulent and second a consequent likelihood of damage to the plaintiff's goodwill¹⁷.

In *Baker Hughes Ltd. v. Hiroo Khushalani*¹⁸, the Delhi High Court held that the plaintiff in an action of passing off must establish the following elements:

1. the plaintiff has acquired a reputation or goodwill in his goods, name or mark;
2. a misrepresentation, whether intentional or unintentional, which proceeds from the defendant by the use of the name or mark of the plaintiff or by any other method or means and which leads or is likely to lead the purchaser into believing that the goods or services offered by the defendant are the goods and services of the plaintiff; or that the goods and services offered by the defendant are the result of the association of the plaintiff;
3. the plaintiff has suffered or likely to suffer damage due to the belief endangered by the defendant's representation.

These three elements of passing off namely the reputation of goods, possibility of deception and likelihood of damage have been approved by the Supreme Court in the case of *Laxmikant V. Patel v. Chetanbhat Shah*¹⁹.

EVOLUTION OF LAW OF PASSING OFF

UK -: The concept of passing off was prevalent from the 17th century where in the cases the House of Lords categorized it under tort of deceit and defamation²⁰. In 19th century the concept got recognized and started developing. House of Lords in the case of *Singer Manufacturing Co. v. Loog*²¹ held that “...no man is entitled to represent his goods as being the goods of another man; and no man is permitted to use any mark, sign or symbol, device or other means, whereby, without making a direct false representation himself to a purchaser who purchases from him, he enables such purchaser to tell a lie or to make a false representation to somebody else who is the ultimate customer ... [H]e must not ... make directly, or through the medium of another person, a false representation that his goods are the goods of another person.” So the earlier definition of passing off was limited only to

¹⁷ *Bulmer v. Bollinger*, (1978) RPC 79.

¹⁸ (2000) 102 Comp Cas 203 (Del)

¹⁹ AIR 2002 SC 275.

²⁰ *Southern v. How*; *Dean v. Steel*

²¹ (1880) 18 Ch.D 395

trade mark or trade name, where unauthorized owner deceits the consumers by inducing them that the goods or services offered is that of the authorized owner²².

Then after wards the scope of passing off was widened and the characteristics of the passing off were laid down in *Advocat Case*²³ and the classical trinity test held in *Reckitt Colman* case was upheld in majority of the cases. So, to institute a suit for passing off three elements should exist, i.e. the goodwill, deception caused due to misrepresentation and damage caused to the owner due to misrepresentation²⁴. These became the major principles in the UK for the law of passing off.

General Goodwill is different from commercial goodwill. In the case of *Manitoba Fisheries Ltd. v. The Queen*²⁵, the court adopted the definition of goodwill as follows: “*Goodwill*” is a word sometimes used to indicate a ready formed connection of customers whose custom is of value because it is likely to continue. But in its commercial sense the word may connote much more than this.” Goodwill is also defined as “the attractive force which brings in custom,” which is not only restricted to the trade connections or one sphere but is spreads in other spheres also where the mark or other is recognized. It is the one which is generated through lots of hard work and efforts which adds value to the business²⁶. In order to ensure goodwill following test has been laid down in *Parke, Davis & Co. v. Empire Laboratories Ltd.*²⁷, the novel design recognized in the market which distinguishes the goods and services from others, and the owner has acquired reputation in the market through the use of that mark.

The second criteria for instituting a suit are that there should be misrepresentation. The Supreme Court of Canada has defined misrepresentation as a deceitful activity undertaken by the defendant, or any unfair trade activity done or unethical motives to be in the market²⁸. This doctrine also covers negligence or the carelessness of misrepresentation on the part of trader²⁹.

If the plaintiff establishes the case that the harm to the goodwill is done through misrepresentation in the course of trade which can easily deceive or confuse people, it is

²² *Erven Warnink B.V. et al. v. J. Townsend & Sons (Hall) Ltd. et al.*, [1980] R.P.C. 31 (H.L.)

²³ *Ibid*

²⁴ *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120 at para. 33

²⁵ [1979] 1 S.C.R. 101

²⁶ *Inland Revenue Commissioners v. Muller & Co.'s Margarine Ltd.* [1901] A.C. 217

²⁷ [1964] S.C.R. 351

²⁸ *Molson Canada v. Oland Breweries Ltd.* (2002), 19 C.P.R. (4th) 201

²⁹ *Kirkbi AG v. Ritvik Holdings Inc.*, [2005] S.C.J. No. 66

presumed that damage has been caused to the plaintiff and he is authorized for the cost of damage caused³⁰.

In English law Passing off action is not described exclusively. The Trade Mark Act provides for registration of trade mark. Section 19 subject to section 21, 32 and 67 provides exclusive right to use the trade mark in Canada except proved invalid. Section 7 although do not exclusively associated with protection of trade mark, outlines unfair trade practices. Clause (a) offers protection mechanism to the trade mark owners to ensure fair competition in market and clause (b) tells about protection of goodwill generated through use of trade mark³¹.

India:- In India Passing off action was prevalent even before the enactment of the Trade Marks Act, 1940. It was the way to assert the trade marks right. To institute a suit one should establish the title on the trade mark. Secondly, the one must show that the mark has obtained a reputation and goodwill. Thirdly, it was to be shown that the defendant has used a mark similar to the mark of complaining plaintiff and has thereby actually passed off his goods or has been seeking to pass off his goods as those of the complainant³².

The modern law of passing off and its development as part of Common law may be understood as follows. It originated as an action in tort, to redress the wrongful conduct of the defendant in passing – off his goods as the goods of the plaintiff, by using the trade name or trade mark of the plaintiff so as to induce in potential purchasers the belief that his goods or business were those of the plaintiff. The tort was in the misrepresentation by the defendant to the potential buyers of his goods that the goods were of the plaintiff. Defendant achieved this result by deception and deceitful use of the trade names, marks or other indications of the plaintiff.

The Trade Marks Act, 1958 and Trade Marks Act of 1999 provides for passing off. Section 27³³ states about No action for infringement of unregistered trade mark.-

1. No person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered trade mark.

³⁰ *Walt Disney Productions v. Triple Five Corp.* (1992), 43 C.P.R. (3d) 321

³¹ *Kirkbi AG v. Ritvik Holdings Inc.*, [2005] 3 S.C.R. 302 at para. 63.

³² Bansal Ashwini Kr., *Law of Trade Marks in India*, Center of Law, Intellectual Property and Trade, 2006.

³³ Trade Marks Act, 1999.

2. Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods or services as the goods of another person or as services provided by another person, or the remedies in respect thereof.

Clause (2) of Section 27 preserves the rights and remedies of the prior user. It states as even if the application for the registration of trade mark has been filed by the subsequent user and the same got the registration, even then the prior user can file for passing off action under Section 27(2).

In *Koninkhijke Phillips Electronics v. Kanta Arora*³⁴, Justice Thakur laid down proposition as *“Section 27(2) makes it abundantly clear that registration of a mark in the trade mark Registry is irrelevant in an action of passing off and the mere presence of the mark in the Register does not prove its user by the person in whose name the same has been registered.”* In *N.R. Dongre v. Whirlpool*³⁵, the question was whether an action for passing off could be maintained against the registered proprietor of a Trade Mark. Reliance was placed on Sec. 28(1) of the 1958 Act to argue that the registration of the trade mark gave to the registered proprietor an absolute right to use the trade mark in relation to goods in respect of which the trade mark was registered and to prevent infringement in the manner provided in the Act. The court repelled the contention and held that “The rights of action under Section 27 (2) are not affected by Section 28 (3) and Section 30 (1)(d) of the 1958 Act. Therefore, registration of a trademark would be irrelevant in an action of passing off. Registration of a trademark in fact does not confer any new right on the proprietor thereof than what already existed at common law without registration of the mark. The right of goodwill and reputation in a trade mark was recognized at common law even before it was subject to statutory law. Prior to codification of trade mark law, there was no provision in India for registration of a trade mark. The right in a trade mark was acquired only by the use thereof. The right remained unaffected under the 1999 Act also and is recognized by Section 27 (2) and Section 33.”

The above concept of passing off was also explained in the case of *Honda Motors Co. Ltd V Charanjit Singh & Others*, wherein Plaintiff was using trademark "HONDA" in respect of automobiles and power equipments. Defendants started using the mark "HONDA" for its pressure cookers. Plaintiff brought an action against the defendants for passing of the business of the plaintiff. It was thus held that the use of the mark "Honda" by the defendants couldn't

³⁴ 2005 (30) PTC 589

³⁵ AIR 1995 Del 300

be said to be an honest adoption. Its usage by the defendant is likely to cause confusion in the minds of the public and the injunction was granted for the same. In the case of *Rupa & Co. Ltd v. Dawn Mills Co. Ltd.*, the defendant manufactures an underwear which named dawn as similar to the plaintiff's manufactured underwear don, which is creating confusion in the minds of people because the layout, get up and colour combination is same to the plaintiff's product. The injunction was granted.

DIFFERENCE BETWEEN LAW OF PASSING OFF AND INFRINGEMENT

The registered trade mark holders have a remedy to get injunction and damages caused by the defendant by using deceptive similar or identical trade mark to deceit or cause confusion amongst consumers. But the remedy of infringement is not provided to the unregistered trade mark holders. The difference between infringement and passing has been identified by the Supreme Court of India in the case of *Durga Dutt v. Navratna Pharmaceuticals Laboratories*³⁶, as while an action for passing off is a common law remedy being in substance an action for deceit, i.e. a passing off by a person of his own goods as the goods of another, it is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of his exclusive rights to the use of the trade mark in relation to those goods. The use by the defendant of the trade mark of the plaintiff is not an essential in an action for passing off, but is the sine que non (absolute necessary) in the case of infringement.

In the case of infringement the use by the plaintiff is not necessary but in the case of passing off the plaintiff has to show usage which lead to grow its reputation and goodwill³⁷.

In an action for infringement, likelihood of actual sale by the use of offending mark is not necessary. If there is an imitation of broad, or essential or peculiar features of a registered trade mark, it is sufficient to cause infringement³⁸. For example, if the trade mark consisting of a get-up, label and word has come to be known and identified by a particular word, the use of such word would constitute infringement³⁹. While in passing off it is necessary to prove

³⁶ AIR 1965 SC 980

³⁷ Chopra Prema, Passing Off under Trademark, www.legalservicesindia.com/article/article/passing-off-under-trademark-1254-1.html

³⁸ *Durga Dutt Sharma v. Navratna Pharmaceuticals*, AIR 1965 SC 980

³⁹ *Decordova v. Vick Chemical*, 1951 RPC 103 at 106

that an ordinary person is likely to buy goods in a belief that the goods are that of plaintiff, though it is not necessary to show that actual sale took place.

The burden of proof in case of infringement always lies on the plaintiff. In the case of *S.M. Dychem Ltd. v. Cadbury (India) Ltd.*⁴⁰, an infringement action is fail where plaintiff cannot prove registration or that its registration extends to the goods or to all the goods in question or because the registration is invalid and yet the plaintiff may show that by imitating the mark otherwise, the defendant has done what is calculated to pass off his goods as those plaintiff⁴¹.

JURISDICTION OF COURTS UNDER PASSING OFF ACTION

Section 134(2) of the Trade Marks Act, 1999 states that “for the purpose of clauses (a) and (b) of sub- section (1)⁴², a " District Court having jurisdiction" shall, notwithstanding anything contained in the Code of Civil Procedure, 1908 or any other law for the time being in force, include a District Court within the local limits of whose jurisdiction, at the time of the institution of the suit or other proceeding, the person instituting the suit or proceeding, or, where there are more than one such persons any of them, actually and voluntarily resides or carries on business or personally works for gain.” It means that the suit for passing off can be filed where the proprietor(s) or the owner(s) lives or carries the business. In the case of *Casio India Co. Limited v. Ashita Tele Systems Pvt. Limited*⁴³, the Defendant was carrying his business from Bombay and had managed to get a registration of domain name www.casioindia.com and Defendant no. 2 was the Registrar of the trade mark. The Plaintiff, on the other hand, was 100% subsidiary of Casio Computer Ltd., Japan (Casio Japan) which was the registered owner of the trade mark Casio in India used for a large number of electronic and other products. They had also obtained the registration of large number of domain names in India like CasioIndiaCompany.com, CasioIndia.org, CasioIndia.net as well

⁴⁰ 2000 PTC 297.

⁴¹ Das Atin Kumar, Passing Off Under Trade Marks Act, 1999: A Bird's Eye, www.lawyersclubindia.com/articles/PASSING-OFF-UNDER-INDIAN-TRADEMARKS-ACT-1999-A-BIRD-S-EYE--3058.asp#.Ueqcu9JHJ-M

⁴² 134. Suit for infringement, etc., to be instituted before District Court.-(1) No suit-

- a) for the infringement of a registered trade mark; or
- b) relating to any right in a registered trade mark; or
- c) for passing off arising out of the use by the defendant of any trade mark which is identical with or deceptively similar to the plaintiff's trade mark, whether registered or unregistered, shall be instituted in any court inferior to a District Court having jurisdiction to try the suit.

⁴³ 2003 (27) PTC 265 (Del)

as Casio India.info, CasioIndia.Biz and CasioIndia Co. Defendant no. 1 got the registration of the above mentioned domain names during the time when he was in distributorship agreement with the Plaintiff. It was held by the learned single Judge after referring to the decisions in Rediff Communication Ltd. V. Cyber Booth⁴⁴, that "once access to the impugned domain name website could be had from anywhere else, the residence of the Defendant". According to the learned single Judge since a mere likelihood of deception, whereby an average person is likely to be deceived or confused was sufficient to entertain an action for passing off, it was not at all required to be proved that "any actual deception took place at Delhi. Accordingly, the fact that the website of Defendant no. 1 can be accessed from Delhi is sufficient to invoke the territorial jurisdiction of this Court".

In the case of (India TV) Independent News Service Pvt. Limited v. India Broadcast Live Llc And Ors.⁴⁵, the Court laid down a test in order to determine jurisdiction i.e. "Sliding Scale test" by which the plaintiff has to prove that the damage due to use of identical and deceptively similar trade mark is caused in the same State Forum where the case has been instituted.

REMEDIES UNDER PASSING OFF ACTION

Section 135(1) lists the reliefs, which may be granted to the plaintiff who established his case by the court in case of infringement and passing off are:

1. An injunction restraining further use of trade mark;
2. Damages or an account of profits.

However, in the case of innocent infringement or passing off, if the conditions laid down in Section 135(3)⁴⁶ are satisfied, the court will not grant relief by way of damages other than the nominal damages, or an account of profits; but

3. An order for delivery-up of the infringing labels and the marks for destruction or erasure⁴⁷.

Injunction -: The grant of injunction is a right expressly provided by the TMA, 1999. The rules governing the grant of injunctions in trade mark cases are based on the provisions

⁴⁴ AIR 2000 Bom 27

⁴⁵ 2007 (35) PTC 177 (Del)

⁴⁶ Section 135(1) of TMA, 1999; section 106 of TMMA, 1958.

⁴⁷ Section 135 read with Section 134 of TMA, 1999; Section 106 read with Section 105 of TMMA, 1958

contained in Section 36 to 42 of the Specific Relief Act, 1963 and Order 39 Rule 1 and 2 read with section 151 of the Code of Civil Procedure⁴⁸. In *Aristo Pharmaceuticals v. Wockhardt*⁴⁹, the plaintiff- respondent had filed suit and was granted injunction against SPASMOFLEXON when it was manufacturing under the registered trade mark SPASO PROXYVON. On appeal the single judge vacated the injunction, but division bench restored the injunction. In SLP filed in Supreme Court said that it was necessary for the court to allow the parties to lead evidence before grant of injunction by the division bench.

In *Wander Ltd. v. Antox India*⁵⁰, the Supreme Court said that an interlocutory remedy is intended to preserve status quo and if such an order is not granted the plaintiff could not be adequately compensated in terms of damages recoverable in the action, if the uncertainty were resolved in his favour at the trial. The need for such protection must be weighed against the corresponding need of the defendant to be protected against the injury resulting from his having been prevented from exercising his own legal rights for which he could not be adequately compensated.

Damages:- The grant of damages is an award for compensatory damages to the plaintiff with an aim to compensate him for the loss suffered by him whereas punitive damages are aimed at deterring a wrong doer and the like minded for indulging in such unlawful activities. Whenever an action has criminal propensity also the punitive damages are clearly called for so that the tendency to violate the laws and infringe the rights of other with a view to make money is curbed. The punitive damages are founded on the philosophy of corrective justice and as such, in appropriate cases these must be awarded to give a signal to the wrong doers that the law does not take a breach merely as a matter between rival parties but feel concerned about those also who are not party to the dispute but suffers breach. In the case it is not the plaintiff alone who has suffered the infringement but also the readers of the magazine under the impression that it is being published from the same publishing house⁵¹.

JUDICIAL ANALYSIS OF PASSING OFF ACTION

⁴⁸ *Century v. Roshanlal*, AIR 1978 Del 250. The trial

⁴⁹ 1999 (Suppl.) Arb. LR 449 (SC)

⁵⁰ 1991 PTC 1 (SC)

⁵¹ *Time Incorporated v. Lokesh Srivastava*, 2005 (30) PTC 3 at 6.

Other than Legislature, the Judiciary has also played a vital role in enhancing the concept of passing off. In the case of Colgate Palmolive Company v. Anchor Health and Beauty Care⁵², Both the plaintiffs and the defendants manufacture well known toothpaste brands. The plaintiffs sued the defendants for passing off. The contention of the plaintiffs was that the defendants' use of colour and pattern of colours in their dental products was dangerously similar to the plaintiffs'. According to the plaintiffs the proportion of colours (red and white) used by the defendants was almost identical to that of the plaintiffs (1/3:2/3). The reason for bringing in such an action was that the plaintiffs were established in the Indian market since 1951, and had a tremendous goodwill in the country, while the defendants had entered the market only in 1996.

It was held by the court that though there cannot be any monopoly over colour, in a country with a huge number of illiterate and semi-literate people, by marketing a new product with a design closely resembling that of the older product, it is easy to create confusion in the minds of the public, especially when a similar product has been prevailing in the market for close to half a century. It was adjudged that the defendants were using the trade dress of the plaintiffs. The court ordered an injunction, restraining the defendants from using the red/white combination in the disputed order⁵³.

In case of Honda Motors Co. Ltd. v. Charanjit Singh and Ors., The defendants manufactured pressure cookers under the name "Honda", in India. Their application for registration had already been rejected once before and they had applied for registration again, while continuing to sell their products. It was held that with an established business and sale of quality products, the name "Honda" had become associated with the plaintiffs' reputation and its goods. It is very easy for the public to associate the plaintiffs with any product that carries the name of "Honda". Further, the honourable judges also held that by using the name "Honda" the defendants were creating confusion in the consumers' minds, which was indirectly affecting the business of the plaintiffs in an adverse way. An injunction was ordered to stop the defendants from using the name "Honda".

Another case SVS Oil Mills v. SVS Rajkumar⁵⁴, wherein the Madras High Court enjoined the use of 'SVS with R in small print' trade mark finding it similar to reputed SVS trade mark in yellow polythene plastic cover placed in transparent carrybag in relation to vegetable oil.

⁵² 2003 (27) PTC 478.

⁵³ Tort of Passing Off, www.legalindia.in/tort-of-passing-off-2

⁵⁴ 2002 (24) PTC 330

The petitioner had not obtained registration of the trade mark even though its sales were to the tune of Rs. 31 Crores.

CRITICAL ANALYSIS

India is the fastest growing economy among the BRIC countries. It suggests the businesses in India are growing in the faster pace which means there is the growth in the trade mark also. Trade Mark Act, 1999 along with Trade Mark Rules, 2002 makes journey of Trade Mark in India very easy and comfortable. Among these laws and rules there is another concept of passing off, a valuable instrument to the rights of the unregistered trade mark holder. This concept has been used on numerous instances and provides relief to those who don't register their marks and it looks down upon those who try to pass off goods as those of another. In *Tata Sons v. Manu Kosari*⁵⁵, it was held that the rendering of Internet services is also entitled to protection the same way as goods, services are, and trademark law applies to activities on the Internet. With technological advances changing the way we provide goods and services, particularly in cyber space, domain names are also now entitled to equal protection as trademarks as they are no longer considered as mere addresses.

But the remedy of passing off is one of the challenges to the trade mark industry. It was adopted from the Britain as the Common law principle. As India is a large country and World's second largest market in terms of population, copying Well-Known marks is a very big phenomena here. The precedent of awarding Damages as evolved by the Delhi High Court is an effective remedy to this problem but not sufficient. Certain other measure need to be taken by the Registry Offices. The Registries should keep a regular check on the Trademark Register for similar marks. No infringement matter should be taken leniently even though the infringer had established a long use of the trademark⁵⁶.

The absence of any decisive definition of "goodwill" and "reputation" in the Statute forms is one of the challenges posed in understanding the concept. Courts in India fail to distinguish between these two terminologies and use the terms interchangeably. It should be kept in mind that 'goodwill' is a species of property that is restricted to the local jurisdiction, while an action of Passing Off is based on 'reputation' which transgresses boundaries. The Indian

⁵⁵ 2001 (1) CTR 339(Del.)

⁵⁶ Top 5 indian Trademark Challenge, <http://www.iipta.com/ipr/blog/top-5-indian-trademark-challenge-1030>

courts completely ignore the concept of 'residuary reputation'. The situation was so even in the Whirlpool Case, which is the first precedent for trans-border reputation⁵⁷.

CONCLUSION

Registration of the trademark has become vital with the growth in the competition, growth in the economy. In order to protect one to get harm in the sense of reputation and goodwill one needs to register its name by which he sold his good, i.e. trademark. But those who even do not register their trademark, it does not mean they cannot protect their rights, their interest, they can very well protect the right by the concept called Passing off.

Passing Off is a common law tort which protects the goodwill and reputation of trade mark holder against damage caused by misrepresentation by defendant. The action of passing off can be done by using the trade name, trade mark or other get up of the plaintiff as to induce in potential purchasers the belief that his goods or business were those of plaintiff. The tort lies in misrepresentation by the defendant. The misrepresentation is aimed at the potential buyers of the goods or services, who are invited to buy the goods believing that the goods are of the plaintiff.

If the authorized person finds that the defendant is using his mark, he can file the suit in the court and the jurisdiction of the court is where the person resides or where the person carries his business and got loss thereof. If he is able to prove harm to reputation or goodwill or misrepresentation, then the person can get damages of the loss occurred. Even he can stop the person to use the mark further by taking injunction against him.

In order to protect the right one has to prove reputation and goodwill in the market. As no precise definition or criteria is specified in law to prove goodwill and reputation, many people fails to prove the same and thereby is not subject to such remedies. This creates huge loss to the honest person. Even now with the growth of economy and large area one cannot find out that the same mark in respect of same goods is being used by some other person. When the person gets to know about the same it becomes too late. So it is better to get registered your trade mark as soon as you start using the same. It ensures your rights and interest in better way.

⁵⁷ Ibid.