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TRADEMARK IN MODERN BUSINESSES

- Rudraksha Sharma¹ & Utkarsh Tiwari²

ABSTRACT:

This article provides a comprehensive exploration of trademarks in the modern business landscape in India, examining their historical roots and the legal textiles governing them in India. Tracing the evolution of trademarks, we delve into their pivotal role in shaping commerce and the gradual development of India's trademark laws, spotlighting the Trade Marks Act and related regulations. Highlighting the manifold benefits of trademarks in modern business, the article talks about the significance of building brand identity, increasing consumer trust, and enhancing market competitiveness. Within the Indian legal framework, the discussion extends to landmark trademark cases that have influenced jurisprudence on the country's trademark Laws.

The article delves into the distinctions of trademark infringement in India, offering a detailed analysis of legal implications and available remedies against infringements. It also examines international perspectives on trademarks, emphasizing the importance of cross-border protection and ongoing harmonization efforts. A crucial focus is placed on passing off, a common law remedy intricately linked to trademark infringement. The article explores the application of this doctrine domestically and internationally, highlighting its role in shielding businesses from unfair competition.

In an era of rapid globalization, a nuanced understanding of trademark history, laws, benefits, and infringement is essential for businesses navigating the complex legal landscape. This article aims to be a valuable resource for businesses, legal practitioners, and scholars seeking a holistic perspective on trademarks in the evolving dynamics of the modern business ecosystem.

¹ Author, Student BBALLB, 2nd Year, Babu Banarasi Das University, Lucknow

² Co-Author, Student BBALLB, 2nd Year, Babu Banarasi Das University, Lucknow

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1. INTRODUCTION: -

In today's business world, trademarks are the initial step taken that helps companies stand out and protect their brand. These special symbols, words, or logos might not seem like a big deal, but they're super important. They do more than look good; they help people remember and trust a company. Think about the golden arches for McDonald's or the Nike Shoes; these logos make us instantly think of those companies.

Trademarks have been used since ancient times, as evidenced by the marks on pottery, wine, swords, and other items from China, Egypt, Greece, and Rome. These marks served as a way of indicating the ownership, craftsmanship, or trade origin of the products. In the Middle Ages, trademarks became more widespread and regulated, especially in Europe. One of the earliest legislative acts concerning trademarks was passed in 1266 under the reign of Henry III of England, requiring all bakers to use a distinctive mark for the bread they sold. Other trades and guilds also adopted their marks to identify their members and ensure quality standards.

The first modern trademark laws emerged in the late 19th century, as industrialization and globalization increased the need for legal intellectual property protection. The first comprehensive trademark system was passed into law in France in 1857³. It established the principle of registration, which granted exclusive rights to the trademark owner for a renewable period. It also introduced the concept of trademark infringement, which prohibited the unauthorized use of a registered mark or a similar mark that could confuse consumers. Other countries followed suit and enacted their trademark laws, often based on the French model. In 1883, the Paris Convention for the Protection of Industrial Property was signed by 11 countries, creating an international framework for trademark cooperation and recognition. The convention established the principle of national treatment, which meant that each country had to grant the same rights and protection to foreign trademark owners as to its nationals. It also allowed for priority claims, which told that a trademark application filed in one country could be used as a basis for registration in another country within a certain period.

The importance of a law on trademark registration and its protection against infringement was recognized, giving scope for the very first statutory enactment in Britain in 1875. The British Trademark Act of 1875 established a formal registration process for trademarks, wherein

³ Edward S. Rogers, History of Trademarks, 5 Trademark Rep. 1 (1915)

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fulfillment of criteria related to the trademark's ability to distinguish the goods of the trader was necessary. Under this act, registration served as prima facie evidence of trademark ownership. This change acknowledged evolving business and branding practices during that era.

2. TRADEMARK LAW IN INDIA

Trademark is a branch of Intellectual Property Rights. A trademark can be words, names, symbols, devices, or any combination used or planned to be used in a business activity to identify and distinguish the goods in the market and to indicate the source of the goods. So, we can assume that a trademark is a brand name.

A “Trademark” [TM] is defined under **Section 2(zb)** as 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 a shape of goods, their packaging, and combination of colors.”⁴ Further, the only qualification for a trademark is its capacity to distinguish one person’s goods or services from another⁵.

A trademark for business is a significant element for an entity, not only because it helps in distinguishing from products within the same market but also because it enables consumers to differentiate a product from that of a company’s competitors based on certain words, design elements, bands, slogans with a product or service, enabling them to. From the perspective of an entity, a trademark is not merely a symbol or aspect of identity; it is a repository of the entity’s reputation and goodwill in the market⁶. Trademarks may or may not be registered. However, for a trademark to be protected against infringement, it must be registered. Therefore, it is of utmost significance for entrepreneurs or business people to know the benefits of registering their company’s trademark.

Thus, having a Trademark for a particular brand means having goodwill in the market and owning assets.

2.1 Benefits of having Trademark Registration: -

- **Exclusivity:** The proprietor of a registered trademark has the benefit of selective right, i.e.,

⁴ Indian Trade Marks Act, No. 47 of 1999, Sec. 2(zb) (India).

⁵ Indian Trademark Act, No.47 of 1999, Sec 2(m) (India)

⁶ Cable News Network LLP (CNN) v. Cam News Network Ltd., 36 PTC 255 (Del. 2008) (India).

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they can decide to utilize the same trademark for every item that falls under the classes specified in the application. It prevents third parties from advertising similar services or products using confusingly identical trademarks.

- **Legal Protection against Infringement:** Registering a trademark will assign intellectual property to the product that provides exclusive rights to the owner, and hence, it will be protected against infringement by any third party who uses the same without permission from the owner. An infringement is defined as the usage of a trademark that is deceptively similar or identical to the original holder of a registered trademark by an unauthorized person to propagate goods and services that fall under the same class of services or products under which the original trademark is registered.

An owner of the registered trademark can use ®symbol to indicate the exclusive right. In light of this, any registered trademark owner can seek redress in a court of law for infringement of his/her exclusive usage rights. Sections 27 and 29 of the Act give the entitled registered proprietor of the trademark the right to take action against infringement.

- **Differentiation from other products:** At first sight of a trademark, it differentiates a product from its rivals. This will act as an efficient commercial tool and also help to create a customer base. It captures the consumers' attention and impacts the buyer's decision-making, thereby reducing confusion concerning the authenticity of a brand.
- **Goodwill and Brand Value:** A registered trademark is an expression of the entity's identity. A trademark of any product connects with the consumers and increases the company's brand value, net worth, and goodwill in the market. When a product has a trademark, people will start to connect the product with a certain level of quality, features, and performance in the market. Soon, a trademark begins to act as tangible proof of the quality of a product or service that is being offered. Hence, it can be said that a registered trademark would enhance the company's image in the market by maximizing consumer confidence.
- **Creation of an intangible asset of value:** A registered mark remedies the owner from the struggle of going through the tiresome necessity of proving distinctiveness in each step of establishing the false representations, thus acting as an asset in itself. A trademark is an intangible asset in aspects like income tax or accounting. These trademarks (special

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symbols) can be sold, bought, licensed, shared, assigned, used commercially, or even franchised in any way the owner wants. It is also a potential source of income as revenue can be generated by selling, licensing, or assigning them to third parties. A trademark's economic value also increases parallel to the business growth and the mark's popularity. The value of the trademarks can be recorded in the account books, and a record revenue or deduction on depreciation can also be claimed.

- **Global Recognition and Eligibility:** As India is a signatory to the Paris Convention for the Protection of Industrial Property, the Indian application of trademarks has the right of privilege and priorities. Trademarks are a branch of intellectual property rights. A trademark includes any word, name, symbol, device, or combination used or intended to be used in commerce to identify and distinguish the goods of one manufacturer or seller from goods manufactured or sold by others and to indicate the source of the goods. In short, a trademark is a brand name. A trademark is a mark or symbol that is capable of distinguishing the goods or services of one from those of others.

2.2 below are the designated symbols for the Trademark:

- TM (the "trademark symbol," which is the letters "TM" in superscript, for an unregistered trademark, a mark used to promote or brand goods)- This symbol tells us that the application for the registration of the trademark has been submitted.
- SM (which is the letters "SM" in superscript, for an unregistered service mark, a mark used to promote or brand services) -This symbol tells us that the registration application of the trademark has been submitted but is in the pending stage.
- ® (the letter "R" surrounded by a circle for a registered trademark)- This symbol tells us that the trademark has been registered and its infringement will be a punishable act.⁷

Infringement may occur when one party uses a trademark that is very similar to a trademark owned by another party for products or services that are similar to the products or services that the registration of the trademark covers. An owner of a trademark may file legal proceedings against the party that infringes its registration.

⁷ Surangama Sharma, Why do you need a Trademark for your Brand? Everything you need to know, S&D Legal Associates (Aug 6, 2021), <https://www.sndlegalassociates.com/post/why-do-you-need-a-trademark-for-your-brand- everything-you-need-to-know>.

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3. PASSING OFF

Passing is a type of trademark infringement in modern business; Law Passing Off protects the trademark owner from false representation by anyone for misleading the public that the party providing goods and services is another party.

India follows not only the codified law but also common law principles, which provide for infringement as well as passing off actions against the violation of trademarks. Section 135 of the Trademarks Act recognizes both infringements and passing-off actions. The dictum ‘nobody has any right to represent his goods as the goods of somebody else’ and ‘unknown has the right to pass off his goods as the goods of somebody else’ was established in the case, **Southern v How**⁸, where a dressmaker who had gained excellent reputation by tapping his marks on clothes made by him was used by another to deceive and make profits. The Courts, after that, followed these principles as the law. They documented such arguments and gave remedies as ‘passing off.’

3.1 Essential Elements to Consider for Passing Off

There are three essential elements for a passing-off action which are-

- a. Misrepresentation
- b. Goodwill owned by a trader
- c. Damage to goodwill

*Hearst organization Vs. Dalal Road verbal trade Ltd*⁹.

The court held that a brand name is stolen when a person throughout exchange utilizes a mark which is the same as or unique as the brand name as far as the products in regard of which the brand name is registered. Utilization of the imprint by utilizing such a product should be in a way that is bound to be taken as getting used as a brand name; otherwise, it will not be considered an infringement.

⁸ Southern v. How, 949 F.2d 616, 617 (2d Cir. 1991).

⁹ Southern v. How, 949 F.2d 616, 617 (2d Cir. 1991).

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According to the Trademark Act 1999, a mark will be taken to be infringed mark if: -

- It is found a copy of the whole enlisted mark with a couple of adjustments.
- The stolen mark is used throughout the exchange.
- The usage of the stolen mark is printed or typically showcasing the imprint in promotion.
- The imprint used by the other person nearly appears as though the quality of the registered proprietor is likely going to mislead or create confusion according to the merchandise in regard to which it is registered.

There is a case of *Dau Dayal vs State of Uttar Pradesh*¹⁰ taken up by the Supreme Court, which explains the objective of the Trademark, saying that-

“The main objective of trademark law is to protect the rights of the individuals or persons who manufacture and sell goods with distinct trademarks against invasion by other persons passing off their goods unfairly and with counterfeit trademarks as those of the manufacturers.”

4. TRADEMARK INFRINGEMENT IN INDIA

Trademark infringement is a violation of the exclusive rights of the trademark owner to use or authorize the use of the trademark for the goods or services for which it is registered. Trademark infringement occurs when a person uses a mark that is identical or deceptively similar to a registered trademark, without the consent of the owner, about the same or similar goods or services in a manner that is likely to cause confusion, deception or mistake among the Consumers. The courts decide trademark infringement cases based on various factors such as the similarity of the marks, the similarity of the goods or services, the likelihood of confusion, the intention of the infringer, the reputation and goodwill of the trademark owner, and the comparative advertising by the infringer. The courts also consider the principles of equity, balance of convenience, and irreparable injury while granting relief to the parties.

¹⁰ *Dau Dayal v. State of Uttar Pradesh*, AIR 1966 All 237 (All. H.C. 1965).

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4.1. *Some Case Laws that explain concept of Trademark Infringement in Modern Business*

*Yahoo! Inc. v. Akash Arora & Anr*¹¹:- Yahoo incorporation is a global giant company with the trademark 'Yahoo' and its domain name, which is 'Yahoo' name. This company has a good reputation and has outstanding goodwill. Here, the defendant started to do business in the name of Yahoo India and started to provide the same services offered by Yahoo.com. For this act, Yahoo Inc. sued the accused defendant for using a Trademark that is very similar to theirs and passing off for providing similar services under its name. The honorable court held that using similar names as 'Yahoo' and 'Yahoo India' may confuse people as to what they are using as Yahoo Inc. has a perfect image and is well known, so its undertaking would lead to passing off. The court held the judgment in Favor of Yahoo Inc.

*Starbucks Coffee v. Sardarbuksh coffee*¹²: Starbucks, a global coffee giant, filed a suit against Sardarbuksh in 2018, alleging that the latter copied its name, logo, and registered trademarks. The Delhi High Court granted interim relief to Starbucks and ordered Sardarbuksh to change its name to Sardarji-Bakhsh for its new outlets. The court also held that Sardarbuksh's logo, which featured a turbaned man with wavy lines, was deceptively similar to Starbucks' logo, which depicted a two-tailed mermaid. The court applied the test of likelihood of confusion and held that the similarity of the marks would mislead an average consumer. Sardarbuksh agreed to comply with the court's order and changed its name and logo for all its outlets¹³.

4.1 Remedies Against Infringement: -

1. **CIVIL REMEDIES**- When instances of infringement occur, the court of competent jurisdiction can be approached to grant interlocutory injunction, damages, account of profits, confiscation and destruction of goods, and infringing the trademark laws and cost of legal proceedings. The following sections can be invoked for a remedy under the Trade Marks Act 1999-

- Temporary, permanent, and interim injunctions can be applied to stop further use of the mark.
- Damages Account of profits can be applied.

¹¹ Yahoo! Inc. v. Akash Arora & Anr., 78 (1999) DLT 285 (Del. H.C. 1999).

¹² Starbucks Coffee v. Sardarbuksh Coffee, CS (COMM) 1007/2018 (Del. H.C. 2018).

¹³ SS Rana & Co, India: Delhi High Court Orders Sardarbuksh to Stop Infringing Starbucks Trademarks and Copyrights, [SS Rana & Co](#) (Oct. 12, 2018).

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- The cost of legal proceedings may be charged.
- Restraining the infringer from disposing of or dealing with the assets in a manner that may adversely affect the plaintiff's ability to recover damages, costs, or other monetary remedies that may be finally awarded to the plaintiff.
- Anton Pillar Order- A court order that requires the defendant to allow the plaintiff to enter the defendant's premises to obtain the legal evidence for that particular case.
- Suit for Infringement under Section 134 of Trade Marks Act- A suit under this section can be instituted before a District Court/High Court within the local limits of whose jurisdiction, at the time of the institution of the suit, the person instituting the suit or proceeding, actually and voluntarily resides or carries on business or personally works for gain. As per the Act, the Person includes the registered proprietor and the registered user.
- Relief available under Section 135(1) of Trademarks Act - As per Section 135(1), reliefs which a court may usually grant in a suit for infringement under 134 are-
- Relief under Section 135(2) of the Trademarks Act can be given to the owner on the infringement of its right.

2. **CRIMINAL REMEDIES**- A Complaint may also be filed against the person infringing the trademark (the actions under civil law and criminal law can be initiated; under this, the plaintiff seeks reassurance for himself while under the criminal law proceedings, the absolute right holder seeks an award of punishment to the infringer.) Criminal Prosecution can be obtained by following two procedures-

- **Complaint before Magistrate**- To initiate prosecution under the Penal provisions of the Trade Marks Act, the right holder may file a complaint before the Magistrate seeking orders for investigations under section 156 (3) Cr. P.C. and may also move an application under section 93/94 of the Cr.P.C.
- **Direct complaint before the Police**- The procedure for filing a direct complaint before the Police for infringement of Trademarks is in section 115(4) of the Trademarks Act. The minimum level Police Officer empowered under the Act is Deputy Superintendent of Police (DSP)/Assistant Commissioner of Police (ACP).

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4.2 Difference Between Trademark Infringement and Passing Off:

The Delhi High Court expounded the difference between action in passing off and trademark infringement in the landmark case of **Cadbury India Limited and Ors. v. Neeraj Food Products¹⁴**, as follows:

- An action for passing off is a **common law remedy**, whereas an action for trademark infringement is a **statutory remedy**.
- The **use by the defendant** of the plaintiff's trademark is a prerequisite in the case of an action for infringement, while it is not an essential feature for an action for passing off.
- To establish infringement concerning a registered trademark, it is only required to prove that the infringing mark is the **same or deceptively similar to the registered mark**, and no more proof is needed. In the case of a passing off, more than proving that the marks are identical or deceptively similar is required.
- In a passing-off claim, it is necessary to verify that the use of the trademark by the defendant is expected to cause injury or damage to the plaintiff's goodwill, whereas, in an infringement suit, the use of the mark by the defendant is essential to must not cause any injury to the plaintiff.
- When a trademark is registered, registration is given only concerning a **particular category of goods**. Protection is, therefore, provided only to these goods in infringement.

Action, whereas in a passing-off action, the defendant's goods must not be the same; they may be different.

In, **Kaviraj Pandit Durga Dutt Sharma Vs. Navaratna Pharmaceutical Laboratories¹⁵**, the Apex court, in this case, differentiated between the trial for passing off and the trial for infringement of a trademark. In **American Home Products Corpn. Vs. Lupin Laboratories Ltd.¹⁶**, The Court held that it is well-settled law that in the infringement of a registered trademark, it is important to consider the difference between the search for infringement and the search for passing off. In a passing-off

¹⁴ Cadbury India Ltd. v. Neeraj Food Prods., 142 (2007) DLT 724 (Del. H.C. 2007).

¹⁵ Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharm. Labs., AIR 1965 SC 980 (India).

¹⁶ American Home Products Corpn. v. Lupin Laboratories Ltd., 1996 PTR 7 (Bom. H.C. 1995).

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case, the courts check if there is a tricking of people. However, knowing that the owner has a particular right to use the mark is crucial in trademark infringement. Even if confusion and the marks are similar, it can still be considered an infringement.

5. INTERNATIONAL VIEW OF TRADEMARK

Current international standards for enforcing trademark law The World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property Rights establishes basic and minimum standards for implementing such areas of intellectual property rights as copyright and trademarks.

The **Madrid Protocol**¹⁷ is a convenient and efficient way for trademark owners worldwide to file one application to register their trademarks in multiple countries. This protocol protects our trademark in more than 120 countries and regional intellectual property offices using a single updated application and payment process. "Madrid Protocol" is a name for the international trademark registration treaty that made this process possible. It provides us with means to seek protection for a trademark in many jurisdictions. The system is governed by two separate international treaties, the Madrid Agreement (Agreement) and the Madrid Protocol (Protocol). Under this Protocol, individuals of any state can secure protection in other countries.

And jurisdictions contracting parties to the Protocol based on a pending application or registration in the country or jurisdiction of origin¹⁸.

Party nations to the WTO TRIPS agreement are required to pass laws protecting the free enjoyment of intellectual property rights within the country and other party countries to the agreement. Those who have drafted the WTO TRIPS agreement recognized the changing nature of trademark and copyright issues in a world where there is a hike in the rise of international commerce and the use of digital marketing. **Article 15** of the WTO TRIPS agreement defines a trademark as applies to international law. According to Article 15 of the WTO TRIPS agreement, the basic definition of a trademark is the use of an individual sign or arrangement of signs by a provider of goods and services in a way intended to be used and able to differentiate from those of other signs or symbols. It allows for registering any trademark falling under these terms with the condition that it must be "visually perceptible."

¹⁷ World Intellectual Property Organization, Madrid Protocol Fact Sheet, [WIPO](#) (Jan. 2021).

¹⁸ International Trademark Association, Fees for International Registration Applications Under the Madrid Protocol, [INTA](#) (Mar. 31, 2016).

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The issue of trademark registration lapsing under international law is addressed in **Article 19**, which provides a waiting period of three years before ownership of an unused trademark may be allowed to expire and provides exceptions in cases out of the hands of the trademark owner.

CONCLUSION

I believe the trademark law in India is a *'first-to-file'* system. A trademark application can be filed on a 'proposed to be used' or 'intent-to-use' basis or based on the use of the mark. The term 'use' under the Trade Marks Act of 1999 has come to have a broad meaning and does not always need to have a physical presence of the goods in India. The existence of the trademark on the Internet and publication in international magazines and journals are also considered used in India.

Proper knowledge of trademark law with international views is essential in protecting your brand and growing your business. Developments at the National and international levels have concentrated on reorganizing trademark law enforcement and adding uniformity to it. However, this step should be distinct from international regulations that have been made since there is not a standard set of mutually recognized laws but rather guide a modification in regulations, criteria, or procedures to prevent differences and establish equivalence. Every business must comprehend the primary instance of the trademark laws to ensure hassle-free protection for their brand. It is fair to say that India's trademark regime has progressed significantly. To put it simply, there is undoubtedly a slew of new legal issues regarding digital search engines. With this framework in place, India will become a favorable and dependable location for intellectual property. With the current surge in start-ups, we can anticipate increased competition, and a robust trademark protection system can only serve to keep that rivalry competitive and authentic. It helps both customers and business owners. The same is solidified in **Hero Electric Vehicles Private vs Lectro E-Mobility Private**¹⁹. This decision confirms that Intellectual rights disputes can be divided into two categories: those involving rights in rem, such as infringement and registration of IP rights, which cannot be arbitrated, and those involving subordinated Rights in Personam, which are granted solely through contractual or licensing agreements and can be referred to arbitration. This judgment is indeed a foreshadowing of what is about to come. A trademark provides us with certain rights, but we should know the laws and be prepared to take action

¹⁹ Hero Electric Vehicles Pvt. Ltd. v. Lectro E-Mobility Pvt. Ltd., 2021 SCC OnLine Del 1058 (Del. H.C. 2021).

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against others if our rights are infringed. Protecting your trademark is essential to your brand's success. I would also like to say that there is never a wrong or right time to get your trademarks, but also, under a current scenario where every day we are facing tougher competition, it is correct. To say, the earlier, the better. So don't wait for some mushroom to ruin your goodwill in the market and go away with what your brand deserves.



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