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# **TRADEMARK TURMOIL: UNMASKING** **UNFAIR COMPETITION IN INDIA**

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Trademarks play a significant role in the business world because they allow organisations to differentiate their products or services from those of others and create brand recognition. The inappropriate use or unauthorised duplication of trademarks, on the other hand, offers substantial issues and dangers to businesses. Trademark infringement and dilution are major concerns in India that necessitate strong legal frameworks and efficient enforcement procedures.<sup>1</sup>

## **Criteria for Trademark Protection <sup>2</sup>**

The Trade Marks Act, 1999, and the accompanying rules govern trademark protection in India. A mark must meet the following conditions to be eligible for trademark protection:

**Distinctiveness:** The mark must be capable of distinguishing the goods or services of one entity from those of others. It should be distinctive rather than generic or descriptive of the goods or services it represents. Highly unique marks are more easily registered and protected.

**Non-descriptiveness:** The mark should not directly describe the goods or services, including their quality, features, or geographical origin. Descriptive marks that acquired distinctiveness through broad adoption may be protected.

**Non-deceptiveness:** The mark shall not deceive or mislead the public about the nature, quality, or geographical origin of the goods or services.

**Non-offensiveness:** The mark should not be insulting to public order, morality, or religious sensibilities. Marks that are likely to offend religious or cultural sensibilities may be denied

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<sup>1</sup> Neolexvision Blogs and Diksha Mehta, 'Analysis of Grounds of Trademark Infringement' [2020] Social Science Research Network.

<sup>2</sup> L Dr.Chandrakanthi and M Natarajam, 'Trade Marks Protection under Indian Trademark Law: An Assessment' (2016) 2 Imperial journal of interdisciplinary research.

protection.

Not a common or generic sign: Trademarks that are common in the industry or are generic words may be refused registration.

Not similar or identical to existing marks: The mark should not be similar or identical to any existing registered or well-known marks in the same or connected industries. It should not mislead or deceive the people.

Capability to be represented graphically: The mark must be able to be represented graphically in the form of words, logos, forms, symbols, or a combination of these components.

Use in relation to goods or services: The mark should be used, or planned to be used, in relation to goods or services for the purpose of indicating, or implying, a commercial relationship between the goods or services.

## **Trademark Infringement**

When a third party uses a registered trademark or a confusingly similar mark without the authorization of the trademark owner, it is considered as a trademark infringement. This unauthorised use produces consumer confusion or deception since the infringing goods or services may be wrongly associated with the legitimate trademark owner. To handle trademark infringement, India has the Trademarks Act, 1999, which provides trademark owners with statutory protection and remedies.

In India, infringement can take many forms. It could include the unauthorised use of a similar mark on similar goods or services, causing customer confusion. Infringement can also arise when a deceptively similar mark is employed, producing confusion due to its resemblance to a well-known mark. The possibility of confusion is determined by factors such as similarity of marks, trade channels, nature of goods or services, and consumer perception.<sup>3</sup>

For businesses, the consequences of trademark infringement can be severe. It dilutes the

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<sup>3</sup> George Miaoulis and Nancy D'Amato, 'Consumer Confusion & Trademark Infringement' (1978) 42 Journal of Marketing 48.

distinctiveness and novelty of the original mark, undermining the trademark owner's reputation and goodwill. This is especially problematic for well-known trademarks that have gained widespread consumer recognition. When an unauthorised third party uses a similar mark, the distinctiveness of the original mark is blurred or its reputation is tarnished.

In India, dilution is a fundamental part of trademark law. It refers to the unauthorised use of a similar mark that detracts from a well-known trademark's distinctiveness or repute. Dilution can occur through blurring, where the distinctiveness of the mark is diminished by association with unrelated goods or services, or tarnishment, when the reputation of the mark is tarnished through affiliation with substandard or disreputable products or services. The Trademarks Act of 1999 recognises the notion of dilution and offers legal protection to preserve well-known trademarks' originality and reputation against dilutive practises.<sup>4</sup>

## Enforcing Trademark Rights on Infringement

When a trademark owner discovers unauthorised use of their mark, they have various avenues for enforcing their legal rights and addressing trademark infringement. The enforcement measures include civil, administrative, and criminal remedies. The following is an outline of how a trademark owner can enforce his or her rights:<sup>5</sup>

### Civil Remedies

**Interim Injunction:** An interim injunction is a temporary judicial order that prohibits the infringing party from continuing to make unauthorised use of the trademark until a final decision is made.

**Mareva Injunction:** A Mareva injunction, also known as a freezing order, prohibits the infringer from disposing of or transferring their assets in an attempt to avoid potential monetary damages or compensation.

**Anton Piller Order:** An Anton Piller order permits the trademark owner to enter the infringing party's premises to search for and seize evidence of trademark infringement. This decree prohibits the destruction or removal of essential evidence.

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4 'Trademark Dilution (Intended for a Non-Legal Audience)' (International Trademark Association) <<https://www.inta.org/fact-sheets/trademark-dilution-intended-for-a-non-legal-audience/>> accessed 18 June 2023.

5 Ananya Chaurasiya and others, 'Laws Relating to Trade Mark Infringement in India' [2022] International journal of health sciences.

**John Doe Order:** A John Doe order, also known as a "Ashok Kumar" order, enables the trademark proprietor to pursue legal action against unidentified infringers. It allows the owner to register a lawsuit without knowing the identities of the alleged infringers.

**Permanent Injunction:** The court grants a permanent injunction after a thorough trial on the merits. It is a final decree prohibiting the infringer from using the trademark in question permanently.

**Damages or Profit Accounts:** The court may award monetary damages as compensation for the trademark owner's losses resulting from the infringement. Alternately, the court may order the infringer to account for any profits derived from the trademark infringement.

**Delivery up and Destruction:** The court may order the infringer to hand over or surrender the infringing goods, labels, packaging, or other materials associated with the infringing use. In certain instances, the court may also order the destruction of such goods or substances.

#### Criminal Remedies

Under the Trade Marks Act in India, trademark infringement is punishable by criminal penalties. Infractions such as falsifying trademarks, applying trademarks incorrectly, and using false trade descriptions are listed. In addition to fines, these offences may result in imprisonment of up to three years. The Act grants the police the authority to seize infringing goods and make arrests during searches. Complaints seeking criminal remedies are submitted before the Magistrate Court, which issues orders directing the police to investigate and perform searches. The complainant is responsible for locating and providing evidence of infringers. The complainant must follow up with the police post the investigations and provide evidence that the seized items are counterfeit.<sup>6</sup>

#### Administrative Remedies:

- a. **Opposition against a similar mark:** Any right holder or third party who believes that a trademark published in the trademarks journal may lead to public confusion or deception may oppose the mark within four months of its publication. Both parties submit evidence to support their claims, and a decision is made regarding the continuation of the trademark's registration.

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<sup>6</sup> The Trademarks Act 1999, s.103 & s.104.

- b. Rectification of a registered mark: If an aggrieved party believes that a registered trademark is incorrectly remaining on the trademarks register owing to non-use, expiration, or similarity to an earlier mark, they may file for rectification or annulment of the registration. This procedure enables errors or omissions in the register to be rectified.
- c. Recordal with Customs: The owners of trademarks can record their marks with customs authorities to prevent the import or export of goods bearing an infringed trademark. The Customs Act of 1962 grants the government the authority to prohibit the import or export of goods in order to defend intellectual property rights. Customs officers are authorised to inspect premises, vehicles, and individuals, and seize counterfeit goods if they have reasonable suspicion that they are contraband.

In the case of **Guccio Gucci v. Intiyaz Sheikh**<sup>7</sup>, Guccio Gucci S.P.A, the plaintiff in this case, sought a permanent injunction against Intiyaz Sheikh for trademark infringement, violation of copyright, passing off, unfair trade competition, among other claims. Guccio Gucci advertised its products bearing its registered trademarks and logos via a variety of media outlets. During a market survey, they discovered that the defendant was unlawfully manufacturing socks bearing Gucci's protected "green and red stripes" logo and "Gucci" mark. An ex-parte ad-interim injunction was initially granted by the court. Despite the defendant's absence from the proceedings, the court ruled in favour of Guccio Gucci based on the doctrine of preponderance of probabilities and the evidence presented, including the report of a local commissioner. As a result, the court imposed a permanent injunction against the defendant, ordered the return of infringing products, and awarded costs and damages of 2,00,000/- and 1,66,000/-, respectively.

## Unfair Competition in Trademark Law

In the context of trademark law, unfair competition refers to practises that violate the principles of fair business competition and improperly exploit the reputation, goodwill, or distinctive attributes of a trademark. It refers to actions taken by competitors or other entities that may cause customer confusion, deception, or harm, or that may unfairly benefit from the trademark owner's reputation and investments. Here are some examples of prominent types of unfair competition in trademark law: <sup>8</sup>

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<sup>7</sup> *Guccio Gucci SPA v Intiyaz Sheikh*, CS (COMM) NO. 2090/2019.

<sup>8</sup> Rudolf Callmann, 'Trade-Mark Infringement and Unfair Competition' (1949) 14 Law and contemporary problems 185.

**Trademark Infringement:** Unauthorised use of a trademark that is likely to confuse, deceive, or mislead consumers into believing that the infringing products or services originate from or are linked with the trademark owner. This includes employing a similar or identical mark, as well as leveraging the reputation of a well-known mark.

**False Advertising:** Making false or misleading remarks about one's own or a competitor's products or services in a way that could deceive or confuse consumers. This can include false statements, exaggerations, or misrepresentations that may influence consumers' purchasing decisions.

**Trade Secret Misappropriation:** Unlawful acquisition, use, or disclosure of another party's trade secrets, such as confidential business knowledge, formulas, methods, or customer lists, in order to obtain a competitive advantage.

**Domain Name Cybersquatting:** Registering, trafficking, or employing a domain name that is identical or confusingly similar to a well-known trademark in order to profit from the reputation or goodwill connected with that mark. Cybersquatters may seek to sell the domain name to the rightful trademark owner or use it fraudulently or maliciously.

**Passing Off:** Passing off takes place when a person or business misrepresents their goods or services as those of another, causing consumers to be confused or deceived. It entails imitating or mimicking another company's well-known products or services by adopting a similar brand, packaging, or trade dress.

**False Endorsements:** Unauthorised use of a trademark to imply a connection, sponsorship, or endorsement by the trademark owner. This can lead to consumers believing that a product or service has been endorsed or approved by the trademark owner when in fact it has not.

In the case of **Starbucks Coffee v. SardarBuksh Coffee**<sup>9</sup>, Starbucks, a well-known coffee enterprise, launched a trademark infringement and passing off action against SardarBuksh Coffee, a local Indian coffee shop. Starbucks alleged that SardarBuksh's name and logo were misleadingly similar to their own, causing consumer confusion. The court considered the trademarks' visual and phonetic similarities, as well as the overall image they conveyed. It determined that SardarBuksh's

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<sup>9</sup> *Starbucks Corporation v Sardarbuksh Coffee & Co. & Ors.*, CS (COMM) 1007/2018.

name and logo were likely to cause customer confusion and may be interpreted as an attempt to capitalize on Starbucks' reputation and goodwill. The court awarded Starbucks an interim injunction, preventing SardarBuksh from using the contested name and design. It stated that SardarBuksh's use of a similar name and logo could dilute Starbucks' trademark's distinctiveness and jeopardise its economic interests. This case underlines the significance of safeguarding trademark rights and avoiding unfair competition. It highlights how the unauthorised use of a similar name or logo, particularly in the same industry, can give rise to trademark infringement allegations. Courts play an important role in enforcing trademark rights and protecting well-known brands' reputation and distinctiveness.

## **Conclusion**

Infringement and dilution of trademarks pose substantial hurdles to Indian enterprises. Adherence to trademark protection standards is critical for ensuring legal recognition and exclusive rights over a mark. Effective enforcement methods, including civil, criminal, and administrative remedies, are critical in protecting trademark owners' rights and for deterring infringement. Furthermore, resolving unfair competition practises is essential for keeping a level playing field in the marketplace and protecting trademark reputation and goodwill. India can develop an atmosphere that encourages innovation, competitiveness, and respect for intellectual property by fostering a strong legal framework and promoting awareness regarding trademark rights.