

IP Hotline

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NON-BRAND USE AMOUNTS TO TRADE MARK INFRINGEMENT

The Bombay High Court and the Delhi High Court in two recent judgments have ruled that use of words on a product package, even though they may not serve as brand names, would amount to infringement, if such words are identical or similar to prior registered trademarks. These cases give brand managers important guidelines to keep in mind while choosing the brand architecture of their products.

TRADE MARK INFRINGEMENT AND PASSING OFF.

The Trade Marks Act, 1999 ("**TM Act**") defines¹ a trade mark as a mark capable of being represented graphically and which is capable of distinguishing the goods of one person from those of others. The TM Act further defines a mark² to include device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof. Hence, any material appearing on a product - be it graphic artwork, shape of products, words or even a color combination can be a trade mark, if it can distinguish the goods of one trader from another.

The function of a trade mark is to reduce consumer search costs. When a consumer or a possible consumer sees a trade mark, it gives him an indication as to the manufacture, quality, trade source of the goods. It tells him that what he is about to buy is either what he has known before under the similar name or as coming from a source with which he is acquainted.

Rights to a trade mark can be acquired either by registering a trade mark or under common law by usage. If a third party not having the permission of the trade mark owner uses a registered trade mark, he is guilty of trade mark infringement³. If he uses a common law trademark without the permission of the trade mark owner, he is guilty of the tort of "passing - off".⁴

In a civil action for trademark infringement or passing off, a court can grant injunction and at the option of the plaintiff, either damages or an account of profits together with delivery up of the infringing labels for destruction or erasure.⁵

WHAT THE DISPUTES ARE ABOUT

1. Hawkins Cookers Ltd v Murugan Enterprises⁶

This case is an appeal from an order of Single Judge of Delhi High Court. The appellant is the registered proprietor of the trademark HAWKINS for pressure cooker and parts thereof including gaskets. The defendant manufactures and sells gaskets under the trademark "MAYUR". On the packaging material of the defendant's product appears the phrase "Suitable for Hawkins Pressure Cookers". The words "suitable for" and "pressure cookers" are printed in black colour and the word "Hawkins" is printed in red colour.

The appellant's arguments were as follows :-

1. By writing "Suitable for Hawkins Pressure Cookers", the respondent is infringing the registered trademark of the appellant.
2. The gaskets manufactured by the respondent can fit any pressure cooker manufactured by any manufacturer. The gaskets are not manufactured for any particular brand of pressure cooker, much less Hawkins pressure cooker.
3. Other gasket manufacturers indicate on packaging material that the gasket is suitable for all pressure cookers.

What the Court held

The Court began by pronouncing in the first paragraph of the order that HAWKINS is a well-known brand.

Section 30 (d) of the TM Act was discussed in this case. The said section states that a registered trade mark is not infringed where the use of a trade mark by a person in relation to goods adapted to form part of, or to be accessory to, other goods in relation to which the trade mark has been used, if the use of the trademark is **reasonably necessary** in order to indicate that the goods are so adapted and neither the purpose nor effect of the use of the trade mark is to indicate, otherwise than in accordance with the fact, a connection in the course of trade between any person and the goods.

At the heart of the dispute is "what is use of the trademark **being reasonably necessary** in order to indicate that the goods are so adapted." The Court got into the meaning of the words "reasonable" and "necessary". According to the

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Court, the word "necessary" means "inherent in the situation" and the word "reasonable" means "just". Thus the term "reasonably necessary" would mean that inherent in the situation, it would be just. Importing this meaning into the language of Sec 30 (d), the Court held that the manufacturers of parts or accessories of the goods, could refer to the trademark of the goods only if it was **just to do so**. This would necessarily mean that the goods claimed to be a part or an accessory are specifically manufactured to be used as a part of the goods. Hence, this would not apply where the parts or accessories are capable of being used by the goods of various manufacturers. In such a circumstance, mentioning that the parts or accessories can be used by goods of only one manufacturer would be a clear violation of the registered trademark and Section 30 (d) does not come into the aid of the respondent.

The Court came to the conclusion that the evidence clearly brings out that the gaskets would fit the lid of all pressure cookers manufactured by different manufacturers. This is contrary to the fact finding of the Single Judge (court of first instance) who had observed that the respondent has emphasized that the gaskets manufactured by them are specifically made to be fitted in the Hawkins pressure cookers. While coming to this conclusion, the Division Bench relied on the following 2 paragraphs of the affidavits filed by the parties :-

"5. ...the dimension of all the lids - are the same. Therefore the gaskets can be interchangeably used generally for all brands of pressure cookers in the market [Sic]"

"2. ...the defendant manufactures gaskets, which are used for different types of pressure cookers including the pressure cooker manufactured by the plaintiff [Sic]"

According to the Division bench, the conclusion reached by the Single Judge was contrary to the record.

The Division bench also highlighted that the respondent while writing "Suitable for Hawkins Pressure Cooker" has given undue prominence to the word "Hawkins" by printing it in a distinct red colour and the remaining words of the sentence are printed in black colour.

The Court set aside the order of the Single Judge and ruled in favour of the appellants. The respondents were given three months to exhaust the offending printed material.

2. Hem Corporation v ITC Limited 7

The plaintiff claims to be the registered proprietor of the trade marks "MADHUR GULAB", "MADHUR" and the word "MADHUR" in the Devnagri script in class 3 (incense sticks, agarbattis, perfumery). The plaintiff's grievance is against the defendants' use of a label for its MANGALDEEP brand of agarbattis which contains the words "Madhur 100" to the right of the brand name MANGALDEEP. The letters in the word "MADHUR" are much smaller than the letters in the word MANGALDEEP.

The defendant's arguments were as follows:-

1. It uses the word MADHUR not as a trademark but only as a descriptor and that its trademark is MANGALDEEP. The defendant contended that its agarbattis are sold under the umbrella brand MANGALDEEP and that it uses this brand in conjunction with descriptors such as MOGRA, JASMINE, SANDALWOOD, MADHUR and MADHUR 100 which in turn signify the quality and characteristics of the product.
2. The word MADHUR being descriptive of goods like incense sticks, is inherently incapable of being registered. Hence, the trade mark has been wrongly registered by the Trade Marks Registry. Thus, even though the marks have been registered it is open to the court to refuse to grant an injunction.
3. The defendant relied on Sec 30 (2) (a) which states that a registered mark is not infringed where the use indicates the kind, quality ... or other characteristics of the goods and on Sec 35 which prevents a registered trade mark owner from interfering with any bona fide description of the character or quality of his goods.

What the Court held:

1. The Court held that even if the defendant genuinely intended using the mark only to describe the aroma of the products, it would make no difference if the use of the mark is likely to be taken as a use as a trademark. The use of a registered trademark would constitute an infringement if it indicates a connection in the course of trade between the person and his goods. A registered trademark is infringed by a person if he uses it in such a manner as to render the use of the mark likely to be taken as a trademark. The Court noted "I have already come to the conclusion that the use of the mark by the defendant is as a trademark and not merely descriptive of the product".

The Court goes on to agree with the plaintiff's submissions that the defendant intended using the word "MADHUR" as a trademark and not merely to describe its products. The plaintiff relied on the averments in the defendants' affidavit which in various places referred to "MANGALDEEP" as a brand and to "MANGALDEEP Madhur", "MANGALDEEP Mogra" etc. as sub brands. The Court observed that the affidavit discloses the manner in which the defendant dealt with the word "MADHUR" and the manner in which its use of the word was perceived by itself and others. The defendant perceived the mark "MANGALDEEP Madhur 100" to be a sub-brand. Moreover, the internet search relied upon by the defendants showed various news clippings referring to launch of the defendants' "MANGALDEEP Madhur" thereby showing that the consumers and trade perceived that "MANGALDEEP Madhur" is used as a trademark.

The Court held that a sub-brand does not fall outside the ambit of a trademark and that a reference to it as a sub brand would indicate that it is a brand name/mark. According to the court, the test is not whether a person terms the use of a mark as a brand name or as a sub brand. If the use of a mark is to distinguish or it is capable of distinguishing the goods or services of a person it is a trademark. The TM Act knows no such thing as a sub - brand.

2. The Court refused to go into the issue whether the Court can refuse injunction if it feels that the trade mark has been wrongly registered as it was bound by the judgment of Bombay High Court in Hindustan Embroidery Mills Pvt. Ltd v K Ravindra & Co.⁸ and Biochem Pharmaceutical Industries v. Biochem Synergy Ltd.⁹ which had

unequivocally held that once a mark is registered an interim injunction can be granted howsoever wrongly the mark remains on the register.

3. The Court held that Sections 30 and 35 would come into aid of a defendant only if the defendant established that the use of the mark in relation to goods was to indicate their quality or a bona-fide description of the quality of the goods. Since in this case the use by the defendant was as a trademark, these provisions would not come to the aid of the defendant.

NDA ANALYSIS

These two cases have several important learning for both lawyers and brand managers.

1. Sub-brand versus brand conundrum

The Bombay High Court was right in holding that as far as the TM Act is concerned there is no difference between a brand and a sub-brand. Taking the argument further, there is no difference between a brand, a sub brand or a descriptor or for that matter any other word or artwork appearing on a product or package. Were it not, it would be open to every infringer to prefix an existing brand with his own brand name and claim that he is not an infringer as he is using the impugned mark only as a sub-brand or a descriptor. To permit such an argument would mean permitting a "MAYUR Sony" or a "MURUGAN Google" product.

However, the market reality is that brand managers are using more and more fancy words for sub brands and descriptors. If we look at everyday products, shampoos no longer have vanilla descriptions such as "for black hair" "anti hair fall" etc. The products use legends such as "Fall Fight", "Black Shine Whiz" "Nutri Gloss" etc. Similarly skin care products no longer have descriptions such as "for oily skin" or "for fair skin" etc. but fancy legends like "Pure" or "Gentle" or "Pearl Perfect". These sub-brands or descriptors are in addition to house marks and main brand names/trademarks.

Brand managers should discuss the entire brand architecture with their IP Counsels who can advise on necessary searches of all words appearing on the product or package that may tantamount to trademark use. In fact, sufficient care, effort and time should be expended on the trade mark search, including fancy words / expressions proposed to be used on packaging, since the results of the search form the backbone of any brand launch. If the search is not thorough, there is a high chance that a registered proprietor can sue for infringement and in most cases it is also possible for the registered trade mark owner to obtain an ex-parte injunction. Till such order is vacated (which process can take a few months), it is not possible to continue with any manufacture, sale or advertisement of the impugned product. The monetary and reputation loss in such a case cannot be quantified in terms of money.

2. Ancillaries and accessories industry

The Hawkins case has special significance for the ancillaries and accessories industry which is a significant section of the Indian manufacturing sector. The Court has laid down that if a part or an accessory is capable of being used by goods of various manufacturers then the parts/accessory manufacturer cannot avail the protection of Section 30 (d) of the TM Act. The question here is how important is the intention of the part / accessory manufacturer. In a situation if the part / accessory manufacturer only intends to manufacture parts/accessories for a particular brand but it so happens that the part / accessory can be used by the goods of other manufacturers then is it incumbent on him to check with which brands the parts/accessories are compatible and then accordingly make declarations on the package? In any event, if a third parties' trade mark is being used, either to indicate that these goods are parts or accessories, care should be taken that the third parties trade mark is not given undue prominence on the package. What amounts to "undue prominence" has not been laid down by the court. However, not imitating the letter and style of the original trade mark, not using the original trade mark logo, keeping the same font size, colour and style as that of the other regular text on the package may be useful guideposts. It may also be worthwhile to take a license or a permission from the trade mark owner, if possible.

3. Wrongly registered trademark

What should a court do if the trade mark has been wrongly registered and the trade mark owner seeks an interim order of injunction? The plausible answer seems to be that the defendant should file a cancellation/rectification application to remove the wrongly registered trademark from the Register. However, the rectification application will take much longer to be decided by the Registrar / IPAB than the interim injunction application by the courts. Various High Courts have decided this issue and there is no consensus on this issue yet. While the Bombay High Court in Hindustan Embroidery Mills Pvt. Ltd v K Ravindra & Co.¹⁰ and Biochem Pharmaceutical Industries v.

Biochem Synergy Ltd.¹¹ has held that once a mark is registered an interim injunction can be granted howsoever wrongly the mark remains on the register, the Delhi High Court has in Stokley Van Camp Inc. v Heinz (India) Pvt. Ltd.¹², Marico Ltd. v Agro Tech Foods Ltd.¹³ and Lowenbrau AG and Anr. v Jagpin Breweries and Anr.¹⁴ has held that where a Court comes to a prima facie view that the registration obtained is invalid, an injunction cannot follow.

4. Affidavits

In both the cases the Court has chiefly relied on the parties affidavits. In the Hawkins case, the Court has relied only on the two paragraphs in the appellants' and defendants' affidavits to conclude that the Single Judge had come to an incorrect factual finding. While the reliance on the appellants' affidavit to come to this conclusion is trite, however the reliance on paragraph 2 of the respondent which states that " the defendant manufactures gaskets, which are used for different types of pressure cookers including the pressure cooker manufactured by the plaintiff" to conclude that the gaskets can be used by all pressure cookers seems to be a stretch. More importantly, paragraph 2 probably is usually introductory in nature and its an important lesson to lawyers to pay attention to every word, even routine ones like the description of the parties, in a document being filed in a litigation. Similarly, in the Hem Corporation case, the defendants' own reference to "MANGALDEEP Madhur" as a sub brand in various averments in its affidavit seems to have gone against their interest.

You can direct your queries or comments to the authors

¹ Sec 2 (zb) of the TM Act
² Sec 2 (m) of the TM Act
³ Sec 29 of the TM Act
⁴ The TM Act does not define passing-off. It is referred to in Sections 27 (2), 134 (1) (c) and 135 of the TM Act.
⁵ Sec 135 of the TM Act
⁶ RFA (OS) 09/2008
⁷ Notice of Motion No. 3940 of 2009 in Suit No. 2808 of 2009
⁸ 1976 BLR 146
⁹ 1998 (18) PTC 267
¹⁰ 1976 BLR 146
¹¹ 1998 (18) PTC 26 7
¹² 171 (2010) DLT 16
¹³ 174 (2010) DLT 279
¹⁴ 2009 (39) PTC 627 (Del)

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