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"THE INTERCONNECTION BETWEEN TRADEMARKS AND CONSUMER PROTECTION – AN ANALYSIS"

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INTRODUCTION

A well-established regime for IPR (Intellectual Property Rights) precedes what can be termed as a process leading to a stable and constant economic growth in any country. The protection conferred by the Intellectual Property Rights is not limited to the protection of the innovation and creative attributes of the competitors of any intellectual right owner. The same right also extends its protection to the consumers of the goods and services which are being provided by the owner of the IP right. The stable IPR regime talked of before is a step which further motivates an enhanced interest and consequentially increased investment in the research and development prevalent in any economy. This in turn helps to bring about an improvement in the quality of life of the people of any country. Consumer protection is equally intricate to a stable regime for intellectual property rights in India, and a harmonious incorporation of both these aspects into the IPR legislations in the country is an essential precondition for a stable and overall development of the society, as a whole.

An indispensable aspect of this goal is that the legislations shall be focussed on putting an effective stop on the unfair trade practices, carried out on the enterprise level. The concept of *caveat emptor* is not sufficient anymore, since the consumers of now are gullible, and they need to be protected from the unscrupulous marketers. India has catered to these needs for a stable regime to a considerable extent. Indian legislators have kept in mind these necessities for a proper legislation and have formulated regulations which are intended to keep in check the untruthful advertisements. It is vital that the existing regime for the protection of the intellectual property rights shall work in tandem with an equally appropriate implementation of the consumer protection legislations, so that a wholesome protection can be conferred upon the rights of the consumers.

Of all the protections that are available under the intellectual property rights legislations, the trademark is one of the most common protections which faces several disputes, and interacts with the consumers most frequently.

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This article deliberates upon the many aspects of trademark protection and the corresponding consumer rights, exploring their correlation. Several legislations have also been deliberated in this article by the author, such as the Indian Trade Marks Act of 1999and the Consumer Protection Act, 1986.

TRADEMARKS AND CONSUMER PROTECTION – HAND-IN-HAND -

Trademarks are the most common form of intellectual property rights which allow a consumer to come closer to the manufacturer of a commodity. In a market which constantly changes and advances, the expectations of the consumer have already sky-rocketed. Safety and an assurance of quality have become the new standard which the manufacturers are expected to provide without default. This is what the Trademarks help achieve – an assurance that the expectations of the consumer at the time of buying the commodity, from the manufacturer, have been fulfilled. A Trademark signifies that there have been made certain number of promises by the manufacturer towards the consumer, and all of them have been met. This further consequentially implies that a consumer can demand from the manufacturer equivalent damages if the expectations of the consumer are not met in a reasonable manner. Trademarks have become a recognizable criterion using which the consumers are able to differentiate between the choices which are trustworthy and those which are relatively doubtful. These recognized trademarks are important considerations which the consumers account for while making their purchases, which make the accountability accompanying the trademark towards the consumer all the more vital and indispensable consideration for the manufacturer.

This is where the role of the Indian Trade Marks Act of 1999 comes in, since the provisions of this legislation states that no trademark shall be registered if it seems that the same is of a nature which will be deceptive for the public, or is relatively similar to a trademark which has already been registered under the Act.[1] Other criteria on the basis of which a trademark can be rejected include if the trademark which is sought to be registered is scandalous, or contains some element which can be considered obscene for the public at large. Trademarks should be distinguishable for the consumers, since if they overlap or appear to be similar to a considerable degree, it becomes cumbersome for the consumers to become fully aware of the quality standard of the product they are purchasing.

[1]Section 9 of Trademarks Act, 1999.

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When a party uses a trademark registered by some other party, such that it caused considerable confusion in the mind of the consumer, then it leads to the infringement of the right of the owner of the trademark. This confusion generally leads the consumer wondering as to the party which is the source of the goods or services that the consumer is availing the benefit of, and whether the assurance of quality is the same, or perhaps lowers than what the consumer initially intended to purchase.[2] This is an important aspect since the importance of a trademark for a consumer is much greater, as it acts as a representative of the goodwill of any given product in the market. This goodwill relates to the perception that the public at large has regarding the quality from a specific source. This goodwill has more value for a manufacturer, and is often considered any company's most indispensable intellectual property. The value of this IP is only enhanced by protecting it and keeping a watchful eye on the entities who venture to challenge it. Promoting your trademark in the market is another path one can take in order to ensure that the goodwill revolving around one's trademark is enhanced properly.

This is why a manufacturer has to ensure that no other person is able to make wrongful use of the goodwill associating around their trademark, by introducing a similar trademark which encroaches on the goodwill developed by the manufacturer. It mandates that the trademarks being registered under the Trade Marks Act, 1999 are distinguishable in the eyes of the consumers. The Act only lays down which trademarks can be registered; however, the duty falls upon the courts when it comes to deciding whether two trademarks which are sought to be registered shall be 'confusingly similar' in the eyes of the consumers. The Courtsassume the perspective of a reasonable consumer, and from their eyes, they assess the impact the two trademarks are having from a commercial aspect.[3]The Court then assesses the commercial impression which these two marks are forming on the market, before assessing whether two trademarks are similar to each other such that they may confuse the consumers as to commodity's source.

However, there have also been laid down certain guidelines by the Supreme Court as to assess whether there is an element of deceptive similarity between the trademarks concerned in a dispute. The same was provided by the Apex Court in the judgement it delivered in the *Cadilla Healthcare for 'Falcigo' v. Cadilla Pharmaceuticals for 'Falcitab'*,[4] where the Apex Court disposed the appeal which had been filed in this case, and further remanded the case

[2] NARAYANAN P., LAW OF TRADE MARKS AND PASSING OFF, Eastern Law House (6th edition 2004, reprint 2010).
[3] (2001) 5 SCC 73.
[4] 2001 PTC 541 (SC).

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back to the trial court for a judgement. The commodity concerned here was an anti-malarial drug, for which a trademark had been sought, but the same was similar to an existing trademark.

The Court put down its observations in forms of the markers which need to be assessed to decide whether there is deceptive similarity between two contesting trademarks. Following that, the extent to which the marks were similar to each other needs to be considered. The extent of resemblance between the marks is an important consideration, since it helps assess the relative confusion it can cause in the minds of the consumers. The resemblance is decided on the basis of two aspects – on the basis of the pronunciation, and also on the basis of the idea behind the mark. After the Court has assessed as to what extent is the mark similar, the next consideration is the target market, and how similar is the product with the other contenders pre-existing in the market. As in this instant case, the contesting trademarks were for the same market, and the same commodity – anti-malarial medicines, which was an important consideration taken into account by the court before dismissing the appeal.[5]

Further, the court also has to keep the target consumers in mind, and has to view the products contesting for the trademark from the perspective of a reasonable buyer, on the basis of the intelligence they possess, as well as the care they might exercise during purchasing either of the goods. Aside from these considerations, the court may also take into consideration any other factor which it may seem fit depending upon the circumstance present before it at the time of the deciding the case.

The duty however, still lies on the owner of the trademark regarding the protection, as he/she needs to be watchful of the potential infringement of the trademark, as there is no responsibility owed by the Patent and Trademark Office, in particular towards the misuse of the trademark by parties which are not authorized for the such use. If any such infringement is generally found, once upon identification of such misuse, the registered used can sue the party in the Indian judiciary. However, that is a rather costly alternative, since more often than not a simple letter from the authority, regarding 'cease and desist' shall be enough to put a stop to such unwarranted misuse by the unauthorized parties. If, however, the judicial recourse is taken by the owner of the trademark, then in such a case, the owner of the trademark shall have to assess the value of the trademark, so that the loss which would be caused due to the dilution of the trademark by the infringer can be evaluated.

[5] *Id.*

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HOW CONSUMER RIGHTS ARE AFFECTED BY TRADEMARK INFRINGEMENT?

Trademark protection functions with several approaches which are intended to facilitate the consumers in their purchases. The financial approach is one such approach, which is intended for the benefit of the consumer, as it enables the consumers to easily identify the product they wish to purchase, and little or no effort is demanded out of them in the process of finding the sought commodity. Trademarks serve a double benefit for the entities at the both ends of the purchase – for the consumer, as it protects from the counterfeit products which are being sold under similar but fake trademarks and are low quality products which are intended to deceive the public at large, and also benefit the manufacturers at the other end, as the trademarks help them achieve an enhanced goodwill for their products in the market, and receive good returns from the investment they have made. The name of the brand plays a significantly vital role in the identification process done by an individual consumer, since they link the quality of the product with the name of the brand which is attached with the given product. This experience of the consumer is known as the 'felt quality', which is the driving force bringing the consumer back to the same brand for the given product, expecting a likewise experience, which is the 'expected quality'.[6] Trademarks help ensure that the manufacturer tends to provide a consistency in the quality of the products which it is putting out in the market for the sale to the consumers, which if done properly, help retain the loyal consumers to the brand. However, simply that is not enough to ensure a brand name in the market, since healthy promotion and advertisement of the brand in the market is also essential in enhancing the overall brand recognition. Advertisements circulated between the people also help in circulating the information and nature of the product amidst the consumers, and helps create a mass perception regarding the nature, utility and the quality of the product. When these advertisements are informative and alluring to the consumers, they tend to leave a lasting impression and help further the brand image for the manufacturer.

Undeniably, once when a trademark is registered, only the owner of that trademark is exclusively allowed to make use of the mark.[7] Consequentially, the duty to educate the consumers regarding the product being put out in the market falls on the shoulders of the

[6] Section 28 (2) of Trade Mark Act, 1999.
[7] Paradesi M, *Strengthening consumer protection with IPR,* International Journal of Innovative Research and Practices, 1 (June) 2013.

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owner of the trademark, and the manufacturer has to devise ways to make the trademark acceptable to the people by making infomercials which intimate the consumers about the quality and the features of the product. Also, in doing so, the manufacturer is also expected to come true to the expectations of the consumers and thereby make the trademark acceptable to them.

THE CORRELATION BETWEEN TRADEMARKS AND UNFAIR COMPETITION -

Competition in the market is another aspect which makes the protection through trademarks important to the market at large. However, the purpose of the Trademark Law is not to curb competition, rather it is the contrary. The ideology of the trademark protection is to promote healthy competition between the competitors in the market for the products which the consumers find desirable. However, it is difficult since there are several elements prevalent in the markets which tend to hinder the carrying out of fair practices, carrying out dishonest practices violating the terms of a fair trade in the market.[8] These unfair trade practices tend to adopt improper methods in order to promote one's commodity, or service in the market, thereby causing unfair competition in the market. When the unfair practices being adopted by the manufacturers start to affect the conduct of trade, and alongside that, also affects the consumers, the competition becomes unfair. These effects are often detrimental, rather than being beneficial to the deceiving manufacturer. The Paris Convention for the Protection of Industrial Property *vides* its Article 10 provides the recognition to proper and honest business practices, and provides the general principles of laws for the same. At the same time, the same provision also condemns the unfair practices, and any other sort of behaviour which may be considered undesirable in the market or functions to be an obstacle in the fair competition in the market. The provision, in one manner, works to further the cause behind the intellectual property rights. There are more than one purposes behind the existing regime which functions to put a stop on the practices promoting unfair practices. Such regulations ensure that the effort which has been put in by businesses to ensure that are distinguishable for the public at large, and so are their products. Such efforts not involve creativity and innovation, but a lot of economic investment is involved, and these regulations serve to ensure that they do not get laid to waste, due to other competitors being nefarious in nature. The economic investment also pertains to the reputation that a business has maintained amidst its consumers, and such reputation is nothing less than an asset for the business. These laws serve the purpose of

[8]Mckenna P Mark, The Normative Foundations of Trademark Law, 2007.

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observing that such reputation is conserved, and is not encroached upon by the competitors in the business.[9] The laws intending to uphold fair competition also take into consideration the fact that this goodwill of the businesses in the market is supposed to be protected from unfair appropriation by the competitors.

However, merely having a considerable goodwill in the market is not sufficient, and is not good until the customers actually trust that goodwill enough to rely on it for purchase of the commodities over the other competition in the market. This is another purpose such law serves, by providing credibility to such reputation to an extent that the reputation works to fruition for the businesses. Complimentary to this objective, is also the target to enhance the competition and its quality in the market, by forcing the businesses to consistently provide the customers in the market with improving quality of goods and services, as compared to their competitors. Undeniably, this concept furthers the principles of equity and the law itself embodies it to protect the interests of the businesses, as well as that of the consumers. By promoting fair play and protecting the rights of the customer, the laws curbing unfair competition practices in the markets are actually serving benefit for both the side, while simultaneously protecting the rights of both the consumers and the businesses.

However, trademark rights and the unfair trade practices tend to work hand-in -hand. Undoubtedly, these laws are one of those whose origin can be traced back to considerable history. The core ideology behind the laws concerning trademarks is to provide the consumers with distinguishable marks or logos which may be used by them to identify or if need be, alert the consumers as to from what source does the good or service hails. While at one hand, the rights of the consumers are being protected, by removing the confusion from the scenario, at the same time, the goodwill of the business is reiterated in the market, and the business eventually earns a good reputation, eventually becoming distinguished in the market as a result of such trademark. While others are prevented from using the same or similar trademark as that of a registered trademark owner, the other competitors are barred from making inappropriate use of one's market goodwill, which shall compete directly with the goods of the owner of the trademark.

Whether the customers in the market are able to differentiate between the different goods or services in the market, as well as the sources of such goods and services, is the major driving principle behind the concept of fair economic competition in the market. Such competition

[9] *Supra* note 2.

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suffers a major hit, especially when this premise basing the fair competition is removed – i.e. the distinguishable features between the competitors are removed from the scene. If every competitor appears to be interchangeable with the other, the competition is no more than negligible in existence. At the other end of this consequence, the effort which is put in by the businesses and the money which is spent in promoting and enhancing the goodwill of the business is left as nothing more than an investment down the drain. Manufacturers put in a considerable amount of time and money to ensure that they are recognizable amidst the other competitors in the market. Removing this subtle line differentiating between the several competitors in a market is in essence violating the rights of the manufacturing businesses. This consequently also violates the rights of the customers, since they are being deceived by the business using the similar trademark, while banking in the benefit from the goodwill developed by some other party. Using similar looking trademarks on purpose, can become a reasonable cause of action for justifying the infringement of the rights accompanying the protection from trademarks. Usually, a trademark is either a mark, a word, or an assortment of both which are meant to assist the consumers in the market to distinguish between the different competing businesses. If any of the competitors in the market venture to use similar looking, or closely similar marks or symbols, it could potentially amount to infringement of the right of trademark.

Laws of unfair competition mandate that no competitor in a market be allowed to use deceptively similar trademarks which could bring about confusion into the minds of the consumers, making it difficult for them to identify the proper source behind the goods or services available in the market. Whether or not such confusion actually prevails into the minds of the consumers in the market is irrelevant so long that there is a strong chance that such confusion is possible given the similarity in the trade devices being used by the competitors and the ones which have already been protected under registered trademarks by the businesses.

RELATED PROVISIONS

The Trade Marks Act of 1999 is one of the laws which lays down the relevant provisions which confer such protections under the registered trademarks, while at the same time, these legislations also provide the remedies which are available for the infringement of the trademark rights, by any party, whether a competitor in the same market, or in a different market.

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The Trademark specifically states as to which trademarks sought to be registered by the parties *may not* be registered under the Act. The Act provides that –

> "*A trademark which –*
> *(a) is identical with or similar to an earlier trademark, and*
> *(b) is to be registered for goods or services which are not similar to those for which the earlier*
> *trademark is registered in the name of a different proprietor*
> *-shall not be registered if or to the extent the earlier trademark is a well-known trademark in India and use of the later mark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trademark.*"[10]

However, this protection, which provides any registered trademark assurance against any encroachment over the reputation it encompasses, is only available to the registered trademarks. Although the Trade Marks Act also recognizes the existence of some unregistered trademarks which are well-renowned. However, the Act does not extent this protection to those unregistered renowned trademarks. While the common law remedy for such infringement is available in the form of *passing off*, this Act provides the proprietor with a more consolidated statutory remedy which can be resorted to as an alternative to the remedy available under common law. The jurisprudence which revolves around the Section 11 of the Trade Marks Act has conferred this provision with a broad interpretation, and the courts have viewed this provision while keeping in their sights the wider context for this law, i.e. they have kept into consideration the law on unfair competition. The courts have held that, "*when any competitor in the market makes unauthorized use of a trademark, the infringement is two-way – while at one hand the goodwill of the business owning such trademark and the reputation accompanying it is being encroached wrongfully, and at the other hand, the consumer is being deceived in regards to the commercial origin of the product, as well as the quality assurance normally correlated with such reputation.*"[11]

<u>*PASSING OFF – THE COMMON LAW REMEDY*</u>

The remedy of '*passing off*' is one which has been available in the common law for some time, and the Indian Supreme Court also has laid down some relevant jurisprudence for the

[10] Section 11(2), Trade Marks Act, 1999.
[11] *Ramdev Food Prod. Pvt. Ltd. v. Arvindbhai Rambhai Patel & Ors.*, A.I.R. 2006 S.C. 3304, 50.

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same in a variety of cases. The remedy is relatively prominent in India, where the goodwill revolving around a trademark is more often than not, protected by resorting to the actions related to passing-off – this is primarily due to the fact that this remedy is available for both registered *as well as unregistered trademarks* which are well-renowned. The remedy functions as a means to protect the infringement of a registered trademark, when one party attempts to wrongfully utilize the goodwill or reputation of a registered trademark, and attempts to dupe the public by passing off his goods under the coattails of the reputation of a registered trademark.[12]

The Trade Marks Act of 1999 does not actually define what precisely does *passing off* means, but the Court has clarified the position regarding the remedy of *passing-off* in several cases, such as that of *Warnik v. Townend*[13], as well as the Supreme Court case of *Cadilla Healthcare Ltd. v. Cadilla Pharma Ltd.*[14], the Supreme Court clarified in this case that the attempt of a party to pass off his goods spirals out of the principle that no other person has the right to misrepresent before a section of the market his goods as that of someone else. Over the time, the developing jurisprudence has also laid down the essential elements of this tort of passing off. The major element of this tort consists the misrepresentation of course. However, that is simply not sufficient – such misrepresentation should be done by the person in the course of trade i.e. he should have done this while he was actually competing in a market for similar goods. Additionally, the said misrepresentation should be done by the party before the prospective buyers i.e. the people being misrepresented to should be the target buyers. This effort made by the party misrepresenting must be calculated so as to put a dent in the reputation or goodwill of a competitor in the market whose trademark is being used to misrepresent before a potential customer. Such actual damage caused should be to the reputation of the trade competing in the same market. In the *Cadilla* case, the Supreme Court has further defined what the act of *passing-off* constitutes. In the opinion of the Supreme Court, the act of passing-off is one of the modes of unfair trade practices, wherein the trader has made an attempt to deceive the consumers and secure a benefit for himself by making unfair use of the reputation which has been developed by the owner of a registered trademark which is dominant in any given market.

[12] Erwin Warnik BV v J Townend and Sons (1979) 2 All. E.R. 927, 932-33 (HL) (UK).
[13] *Id.*
[14] *Supra* note 4.

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Similar jurisprudence further clarifies the position regarding would constitute as passing off in the case of a registered trademark. In order to make things simpler, the Courts also laid down a test to assess whether there is any incidence of passing off occurring in the case at hand. The case wherein the courts first employed the test for passing off was in *Perry v. Truefitt.*[15] The test was known as the *trinity test*, and the test was later once again upheld to be valid in the case of *Reckitt Colman Products Ltd. v. Bordan Incorporation,*[16]further establishing the test to be an absolute parameter for the assessment of passing off in any case of trademark infringement. As per the *trinity test*, the plaintiff has to assert and prove before the court in a systematic manner the presence of three major elements in his case against the defendant, which are as follows –

a. That the mark registered under the name of the plaintiff enjoyed a considerable reputation in the market in which the plaintiff operated,
b. That there was a blatant misuse of such reputation, where the defendant had made use of similar marks in order to induce confusion into the minds of the customers, causing them to believe that the goods/services being offered by the defendants actually had their source from the plaintiff, and
c. That there is a chance that the plaintiff might suffer economical damage, if the plaintiff has not suffered such damage already, as a direct consequence of such misrepresentation done by the defendant.

These parameters which have been laid down in this case have also been adopted by the Supreme Court in the Indian case of *Laxmikant V. Patel v. Chetanbhat Shah*[17], wherein the Apex Court recognized the validity of this test in the Indian context, and applied the same. The result of this jurisprudence provided by the Courts has conferred protection to all forms of trademark, regardless of whether they have been registered under the Trade Marks Act of 1999 or not. The protection is available to these trademarks, both registered and unregistered, as long as the same is laws providing against unfair trade practices. Indeed, such misuse of someone else's trademark in order to gain unwarranted benefit is unfair to the business who has worked hard and invested a lot of creativity, time and money in promoting the trademark registered under his/her name. The requirements for any plaintiff to prove that there has been an infringement of the person's registered trademark, the primary proof he/she needs to

[15][1990] 1 All E.R. 873.
[16]AIR 2002 SC 275.
[17]*RK Patel & Co. & Ors. v. Shri Rajdhar Kalu Patel & Ors.*, 2007 Bom L R 739

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adduce is that of there being a likelihood of confusion being caused in the minds of the consumers which are in the market. Such confusion may be induced by using similar looking words/labels as that of the trademark which has already been registered. But this requirement is not true in all of the case. That is to say, not every time will there be a situation where such likelihood confusion is present but yet, at the same time, there is a mark which is undergoing considerable damage as a result of unfair use by another competitor in the market. The remedy of Passing off was first recognized statutorily in the Trademarks Act of 1940. This statute also was the first one to have introduced the system wherein the trademarks were supposed to be registered with the concerned authority under the Act, a system which in the current Trade Marks Act of 1999 successfully embodies.[18]With the passage of time, the developed jurisprudence has also led to the interrelation of several principles of tort with trademark infringement. The essential requirements for passing off which were laid down in the cases before have become the standard for assessment of the wrong of passing off, and this largely restricted the development of the remedy of passing off. While the statutory remedy remained available to the registered trademarks, the remedy in passing off was largely left to be confined to the cases where the infringement was done by the misrepresentation which caused damage to the goodwill, of the trade,[19] eventually limiting the scope in which this common law remedy could operate for the protection of trademark infringement.

However, that is not all. The remedy in itself suffers from several hurdles which come up when applying the same to the situations in hand. This is majorly due to the limiting scope of the criteria mandatorily needed to be established in the case of infringement. One of these requirements is the establishment of the loss on the part of the plaintiff. Over the time, this requirement of the remedy of passing off has become the central focus, where one need to establish before the adjudicating authority that the plaintiff had lost sales due to the misrepresentation done by the defendant. To put this situation in context, the passing off here constitutes when the customers have entered the market with the intention to buy goods from seller A, but in reality, they end up with the goods of seller B who has misrepresented his trademark to be similar to that of seller A, and has thus made use of the reputation that presides with the trademark of seller A. Albeit this sounds simple, it is not so. There are also instances, especially two very difficult ones, where the damage so caused may be difficult for

[18]Section 27(2) of the Trade Marks Act, 1999.
[19]*McCulloch v. May,* (1948) 65 R.P.C. 58 (UK).

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the plaintiff to establish before the court, even though there may be sufficient evidence that the defendant seller had indeed committed wrongful representation.

Of the two difficult instances where proving this damage so caused by the misrepresentation done by a seller, one which is a typically notorious situation for the plaintiff is when the seller A and the seller B are operating in markets different from each other. What is difficult in this situation is one of the three requirements in the remedy of passing off – that it demands that the people involved in such infringement dispute must be operating in the same field of activity i.e. they must be operating in the same market.[20] The second situation where the proof of damage may be difficult to be adduced on the part of the plaintiff is when the disputant parties to a trademark infringement case are operating in the different geological markets, where the potential damage becomes hard to assess.

These difficulties have been attempted to be removed over the time as and when the jurisprudence regarding passing off developed, and as of right now, in areas where the common law remedies are still available, the remedy of passing off can be secured by the plaintiff, even if the situations stands such where the goods/services of the plaintiff have no correlation or competition with that of the defendant seller who has misappropriated such goodwill of the plaintiff. That is to say, if a seller has misused the registered trademark of the plaintiff, but on a product, which is totally unrelated to the product actually sold by the owner of the registered trademark.[21]The later jurisprudence in this matter has actually brought to focus the question as to whether the misappropriation done by the seller in the market is on the level which is able to induce confusion into the minds of the buyers in the market, and such confusion has ultimately resulted in the damage to the plaintiff in form of customers lost, or in the form of damage suffered by the goodwill amassed by the plaintiff.[22] The trend in the assessment for passing off has shifted the focus of the courts, where the concern in the proceedings eventually shift from an economic standpoint regarding the damage suffered by the plaintiff as a result of such misrepresentation, whereas such focus shifts towards the perspective of the prospective buyer. The courts turn to assess whether from the viewpoint of the buyer, such misrepresentation is able to create confusion into the minds of the prospective

[20] *Sunder Parmanand Lalwani v. Caltex (India) Ltd.*, 1969 A.I.R. 24 (Bom).
[21] *Honda Motors Co. v. Charanjit Singh & Ors.*, 2003 P.T.C. 26 (Del) 1 (HONDA on pressure cookers); *Daimler Benz v. Hybo Hindustan*, 1994 A.I.R. 239 (Del) (BENZ on underwear).
[22] *Larsen & Toubro Ltd v. Lachmi Narain Trades*, 2008 P.T.C. 36 (Del.) 223.

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buyer who has a reasonable level of knowledge and understanding.[23]But simply assessing this prospect does not satisfy all the aspects of the injury caused. Due to the diverse nature of the corporations around the world, there is a plethora of problems which are largely left unaddressed. One such issue prominently brought to light is the situation where a business has no establishment in the territory of India, and yet suffers from damage to registered trademark due to misrepresentation done by a seller within India. In such a situation, the aggrieved business has no means to establish a goodwill present in the Indian markets, and at the same time, the relevant injury or harm to such doubtful goodwill also becomes a question to which the aggrieved business has no answer which could satisfy the courts, thereby leaving the business without any plausible remedy for such trademark infringement. However, in the dearth of any statutory remedy for such situations, the Indian Courts have stepped up and provided jurisprudence in this regard by putting forward the concept of '*trans-boundary reputation*' of businesses operating internationally.[24] Harm done by trademark dilution has finally achieved a path towards a remedy with this jurisprudence laid down by the Indian courts, since the issue of trademark dilution globally is largely left unaddressed, thereby posing a potential hurdle for remedy subsequent to the infringement of such rights.

TRADEMARK DILUTION

Unfair competition is simply not limited to the passing off done by competitors, while the arsenal of unfair practices which are adopted by the businesses in the market is vast. Another such hindrance to the fair competition in the market is caused by the *'trademark dilution'*. This practice has become prominent in India, and although the Indian legislations on trademark infringement address this issue, due to existing remedies overlapping, the issue remains largely uncontrolled. Trademark Dilution can happen by two modes – either by the trademark being blurred or by the trademark being tarnished. While blurring is caused when the same trademark is being used as the rallying point for a large number of goods or services which are not controlled by the original owner, the trademark is tarnished when the trademark is being attached to an activity or a good which is not considered reputable in the market. What it means to tarnish a trademark is that the trademark is being used alongside an activity which is not socially acceptable, or is insulting to the trademark.

[23] *N. R. Dongre & Ors. v. Whirlpool Corporation. & Anr.*, 1996 PTC (16) 583 (SC).
[24] CHRISTOPHER W., *THE LAW OF PASSING OFF: UNFAIR COMPETITION BY MISREPRESENTATION*, 154 (3d Ed. 2004).

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The concept of Trademark Dilution in India has been slow to catch impetus. This is largely because of a major reason that the common law remedy of passing off has been prevalent in India and has been functioning complimentary to the concept. Although the Indian legislations have provided provisions that enact the concept of trademark dilution, the remedy has never faced limelight before – largely being a dormant force.[25] The process of dilution is largely presumed by the people at large as a process wherein the subtle distinguished identity maintained by the trademark is lost gradually. However, that is not true. The concept of '*dilution*' of the trademark has taken a stark turn from the traditional concepts revolving around the traditional parameter of consumer dilemma which had been used largely by the courts around the world to assess trademark infringement by sellers in the same market. However, the introduction of this doctrine of '*trademark dilution*' has left this assessment criteria in shambles, since the new doctrine and the relevant jurisprudence has made trademark the living embodiment of a property right, which is protected in itself.[26] The protection is no longer now limited to the information which is rational, rather, the protection now also extends to the information which is basically emotional in nature. This bamboozlement of the judiciary at the new perspective that the doctrine of trademark dilution has introduced is not rare, rather, several judiciaries around the world are having a hard time in incorporating the principles of this doctrine. The revamped protection criterion has significantly widened the scope of the protection under trademarks. Earlier laws and provisions conferred appropriate protection upon the trademarks, where only the specifics regarding the marks for goods and services were conferred the protection pos-registration. However, such protection has only received a massive boost after the trademark dilution has spread dominance, as now, the protection is also expanded to the goods which are not similar, or are related to a completely different market, and not just to the goods which are in the same market as competitors. The developed considerations include that of the importance threshold for other goods or services which are dissimilar, and also has specified a minimum criterion for fame which a mark needs to achieve, so that the concerned mark may be included within the scope of this superior protection against infringement under the developed doctrine of trademark dilution. One of the methods by which trademark dilution can be done is by '*blurring*', which is in a manner of speaking a synonymous alternative for what has been embodied in the grounds enumerated under Section 29(4) of the Act. These grounds include –

[25] Vadehra S., *Growing Incidences of Unfair Trade Practices in India*, Global Advertising Lawyers Alliance, 2 October 2014.
[26] Section 28, Trade Marks Act, 1999.

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detriment to distinctive character (blurring), detriment to repute (tarnishment) and unfair advantage (misappropriation).[27] Yet, the act of dilution occurring under the remedy of passing off still stands independent, as against the requirements of the 1999 Act regarding the remedies for infringement of trademark. Where at one hand the tortious remedy of passing off operates, and at the other hand the system where registered trademarks are conferred statutory protection, within the Indian legal regime for trademark protection, these two remedies function complementary to each other.[28]

[27] TARAPOREWALA V.J., *LAW OF INTELLECTUAL PROPERTY,* (2nd Ed. 2013), 395–544.
[28] 63 (1996) DLT 29.

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The doctrine of trans-boundary reputation has greatly benefited from the doctrine of dilution of trademark, as the resultant protection as enhanced from the employment of this doctrine. Indeed, the problem is not simply ending there, because situations where the claimant for infringement is foreign, whose goods/services may although be known in that particular region, and yet has no business office operating in that given region, is a problem which cannot be remedied easily with the common law remedy of passing off.[29] The problem still prevails as in that the remedy of passing off is only able to protect the interest in an intellectual property when such damage to it is being caused by misrepresentation. Instead, of the mark itself, the remedy of passing off only protects the goodwill of the mark for which there is a probability that it may get injured as a result of misrepresentation, and that goodwill alone is protected.

However, goodwill as a default is confined to a particular area, and is territorial in nature as per the established principles of law. This implies that if a person/business A is claiming damage to goodwill carried out in territory X and insists on initiation of action there, he/she must establish that the business has a considerable goodwill in the territory X which could suffer damage.[30] The Budweiser decision which the Court of Appeals passed is still a standing authority which has established a new criterion for damage to goodwill in cases where the claimant for infringement is foreign. This criterion is radically different from the prior criterion which demanded the place of business to be in the territory where such infringement and consequent damage is being claimed. However, this standing position is not followed to-the-letter by the Indian Courts, and many-a-times, the Indian Courts have also rejected the position which had been established in the case of Budweiser as was provided by the Court of Appeals. The Indian approach to such spill-over of reputation into foreign territories is to adopt a middle path, wherein the two approaches are balanced – both the radical and rigid approach of the English Courts, and the relatively relaxed approach taken by the other common law jurisdictions around the world. This is an irrefutable truth that such an approach as has been taken by the Indian Courts is important to protect the interest of the customers in India, however, the scope of protection yet needs to be further limited to only the products which are in the same market i.e. are closely related to each other, rather than allowing the protection to extend to products in the other markets, or totally unrelated products. In such areas, the need for a stricter and rigid implementation of the law feels needed.

[29] *A.G. Spalding & Bros.V. A.W. Gamage Ltd.*, (1915) 32 R.P.C.273, 284 (HL) (UK) (Parker LJ).
[30] Anheuser-Busch v. Budejovicky Budvar N.P., [1984] F.S.R.413 (CA) (UK).

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CONCLUSION

Of all the pillars upon which the growth of an economy stands, a stable intellectual property regime is one of them. The concerns regarding this pillar have been largely felt in all economies. Where the countries are targeting a sustainable development of their respective economies, they are also focusing on this aspect as a strengthening tool since these intellectual property rights can propel the current society which is largely influenced by the role of knowledge and innovation. It is essential to understand the intellectual property rights from an economic standpoint to realize how vital a role they play in the development of an economy. The role which intellectual property rights play in the enhancement of the socio-economic status within an economy and in the national policy-making processes is proof that the same is essential for stepping forward into the future.

It is also essential to ensure that the protection conferred by the Intellectual property rights not be used to circumvent the restrictions which have been placed by the competition laws, and that is why the Indian jurisprudence needs to be strengthened further in relation to the statutory provisions to ensure that the interests of the consumers do not stand jeopardized. The Indian judiciary has undeniably demonstrated a trend where they are willing to provide protection to the people with the help of the remedy of passing off and confer upon their rights the protection from unfair infringement, but their approach needs to take a turn and evolve with the passage of time, to a point where it is able to keep up with the fast paced world of e-commerce and transactions being conducted over the internet. Indian judiciary realized that the intellectual property rights are vital for protecting the interests of the customers, as much as they are important to ensure a healthy protection within the markets in India. All that is needed more now is that the same is not allowed to be antiquated as a thing in the past which has lost relevance because the economy failed to bring it up with the pace of time.

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