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COMMON EXPLOITATION OF TRADEMARKS IN INDIA

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Abstract

Trademarks are vital in today's business world, helping companies build brand identities, establish consumer trust, and foster loyalty. In India, the rapid growth of commerce and the digital economy has led to both opportunities and challenges related to trademark protection. Trademark exploitation, through methods like counterfeiting, infringement, and unfair competition, has become a significant concern for businesses, consumers, and the economy at large. This paper explores the common forms of trademark exploitation in India⁷¹¹, the legal framework designed to address these issues, and the challenges that remain in enforcing trademark rights effectively.

Trademark infringement, where a party uses a mark identical or confusingly similar to a registered Trademark, is one of the most prevalent forms of exploitation. Similarly, Counterfeiting, which involves the unauthorized manufacturing and selling of goods bearing a fake trademark, has contributed to significant economic losses, especially in sectors like Pharmaceuticals, fashion, and electronics. Cybersquatting- where individuals or entities register domain names that are identical to well-known trademarks in order to sell them for profit- is another growing issue, fueled by the rapid expansion of e-commerce.⁷¹²

Parallel imports, the practice of importing genuine goods through unauthorized channels, and passing off, which involves one company copying another's brand to confuse consumers, also undermine trademark owner's rights. Moreover the phenomenon of dilution, where a famous trademark is used in unrelated businesses, weakens the distinctiveness of a famous mark through unauthorized uses that do not necessarily cause confusion but harm the brand's identity.

Keywords: Trademark Infringement, Cybersquatting, Trade Marks Act, 1999, Passing Off



⁷¹¹ Trade Marks Act, 1999, Ministry of Law and Justice, Government of India. The primary legal framework governing trademarks in India, it provides the procedures for registration, protection, and enforcement of trademark rights.

⁷¹² Information Technology Act, 2000, Ministry of Electronics and Information Technology, Government of India. This law deals with cybercrimes, including cybersquatting, and regulates electronic commerce in India.

INTRODUCTION

In today's competitive global marketplace, trademarks have become more than just symbols; they are powerful assets that businesses use to establish their identity, reputation, and consumer trust. A trademark can be anything from a logo, brand name, design, slogan, or even a specific colour or packaging design- essentially anything that helps a consumer distinguish a company's products or services from those of its competitors. For business, trademarks are often the face of their brand and a key driver of success. For consumers, they serve as a reliable indicator of quality and authenticity.

In India, Trademark protection is governed by the Trade Marks Act, 1999⁷¹³, which aims to safeguard these valuable business assets. This Act provides a legal framework that allows businesses to register their Trademarks and take actions if others misuse them. With India's growing economy and expanding markets, the importance of Trademarks protection has never been higher. As the country becomes more integrated into the global economy, Indian businesses increasingly rely on Trademarks to compete both locally and internationally. At the same time, the rise of the digital economy, combined with increased trade and consumer awareness, has opened up new challenges in protecting trademarks from misuse.

While the Trade Marks Act provides a strong legal foundation, the exploitation of Trademarks is still a significant issue in India. Trademark misuse can take many forms: infringement, where a competitor uses a similar mark without permission; passing off, where someone misrepresents their goods or services as those of another brand; counterfeiting, where fake products are sold under a well-known Trademark; dilution, which occurs when a famous brand loses its distinctiveness through unauthorized use; and cybersquatting, where

domain names are registered to profit from a well-established brand name. These issues are becoming more frequent as businesses and consumers engage in an increasingly digital world, making it easier for bad actors to exploit Trademarks with minimal risk of detection.

Indian Law provides various remedies to address Trademark exploitation, from injunctions that prevent further misuse to damages that compensate the Trademark holder for harm caused. Additionally, there are criminal provisions under the Trademarks Act, specifically aimed at counterfeiting, which can lead to significant fines or even imprisonment. The role of courts in interpreting these laws is critical, as they help set precedents for how Trademarks are protected in an ever-evolving business landscape.

1. TRADEMARK EXPLOITATION IN INDIA

Trademark exploitation in India typically manifests in several forms, ranging from deliberate infringement to more complex issues like cybersquatting and dilution. Below are some of the most common forms of Trademark misuse.

1.1. Trademark Infringement

Trademark infringement occurs when a mark that is identical or deceptively similar to a registered trademark is used by another party without authorization. This is perhaps the most common form of Trademark exploitation.

Under Section 29 of the Trade Marks Act, 1999, infringement is defined as the unauthorized use of a registered Trademark in the course of Trade, where such use is likely to cause confusion or deceive the public. The Act provides the registered proprietor of the trademark with the right to take legal action for infringement.

Case Example: In *Cadbury India Ltd. V. Neeraj Food Products (2004)*⁷¹⁴, the Delhi High Court

⁷¹³ Trade Marks Act, 1999, Ministry of Law and Justice, Government of India.

⁷¹⁴ *Cadbury India Ltd. v. Neeraj Food Products, Delhi High Court, 2004*. The Delhi High Court ruled on the infringement of Cadbury's famous purple wrapper and logo by a competitor, highlighting the issue of confusion among

dealt with the infringement of Cadbury's famous purple wrapper and logo by a competitor. The Court held that any use of an identical or similar mark in a manner likely to deceive or cause confusion would amount to infringement, regardless of the intent to pass off goods as originating from the same source.

1.2. Passing Off

Passing Off refers to the misrepresentation by a party that leads consumers to believe that the goods or services they are purchasing are associated with or originated from another business. This is a deceptive practice that undermines the goodwill and reputation of a Trademark owner.

While passing off is not specifically defined under the Trade Marks Act, 1999, it has been recognised as a common law remedy. Section 27 of the Acts states nothing in the Act shall affect the law relating to passing off. A Trademark holder can initiate a passing off action under tort law.

Case: In the case of *Amritdhara Pharmacy v. Satyadeo Gupta* (1963⁷¹⁵), the Supreme Court of India outlined the essential elements of a passing off claim: (1) goodwill or reputation of the mark, (2) misrepresentation by the defendant, and (3) damage to the claimant's goodwill. The Court ruled in favour of Amritdhara Pharmacy, finding that the defendant's use of a similar name for their products was likely to confuse consumers.

1.3. Trademark Counterfeiting

Counterfeiting involves the unauthorized production of goods bearing a trademark identical to a registered one, with the intent to deceive consumers into believing they are purchasing genuine goods. Counterfeit goods are typically low-quality imitation that harm

consumers due to deceptive similarity. (*Cadbury India Ltd. v. Neeraj Food Products*, 2004, [2004] 28 PTC 331 (Del)).

⁷¹⁵ *Amritdhara Pharmacy v. Satyadeo Gupta*, *Supreme Court of India*, 1963. The Supreme Court of India provided a framework for understanding passing off claims, establishing the three essential elements of such a case: goodwill, misrepresentation, and damage. (*Amritdhara Pharmacy v. Satyadeo Gupta*, (1963) 1 SCR 144).

both the trademark owner's reputation and consumer safety.

Counterfeiting is specially dealt with under section 103 of the Trademark Act 1999, which allows for stringent penalties, including imprisonment and fines, for those found guilty of manufacturing or selling counterfeit goods.

Case Example- In *Mahendra and Mahendra Paper Mills Lts v. Mahindra and Mahindra Ltd.* (2002)⁷¹⁶, the Bombay High Court dealt with a case of counterfeiting where a third party was using a similar mark to that of Mahindra and Mahindra to sell goods. The Court held that counterfeiting is an unlawful practice and granted an injunction against the defendant.

1.4. Cybersquatting

Cybersquatting refers to the act of registering, trafficking in, or using a domain name similar to an existing trademark with the bad faith intent to profit from the goodwill of the mark.

Although India does not have specific laws directly targeting cybersquatting, it falls under the purview of both the Trademark Act 1999, and the Information Technology Act 2000. Section 66 of IT Act, which deals with cybersquatting, can be invoked to address fraudulent use of domain names.

Case Example: In *Tata Sons Ltd v. Prakash* (2006⁷¹⁷), the Delhi High Court ruled in favour of Tata Sons, granting an order to transfer the domain name "tata.com" from the defendant, who had registered it in bad faith. The court held that the defendant's use of the domain name violated the intellectual property rights of Tata Sons and was a clear case of cybersquatting.

⁷¹⁶ *Mahendra and Mahendra Paper Mills Ltd. v. Mahindra and Mahindra Ltd.*, *Bombay High Court*, 2002. The Bombay High Court addressed a case of counterfeiting, where a third party used a similar mark to that of Mahindra and Mahindra, granting an injunction to prevent further infringement. (*Mahendra and Mahendra Paper Mills Ltd. v. Mahindra and Mahindra Ltd.*, 2002 (1) Bom CR 277).

⁷¹⁷ *Tata Sons Ltd. v. Prakash*, *Delhi High Court*, 2006. In this case, the Delhi High Court ruled that the domain name "tata.com" was registered in bad faith by a third party and granted Tata Sons an order to transfer the domain name. (*Tata Sons Ltd. v. Prakash*, 2006 (32) PTC 609 (Del)).

1.5. Trademark Dilution-

Trademark dilution occurs when the distinctive quality of a famous trademark is weakened through unauthorized use, even if such use does not cause confusion or competition. This exploitation diminishes the trademark's uniqueness and its ability to serve as a reliable indicator of origin.

Trademark dilution is primarily a concern with famous marks, and through the Trademark Act 1999, does not explicitly mention it, dilution can be invoked through legal principles of Passing off and infringement.

Case Example- In *McDonald's Corporation v. Coffee Republic Ltd.* (2002)⁷¹⁸, the UK court held that the use of the term "McCoffee" by a coffee chain could dilute the distinctiveness of the McDonald's brand, even though there was no direct competition. The ruling emphasized the importance of protecting famous marks from any action that could tarnish their reputation or distinctiveness.⁷¹⁹

2. LEGAL REMEDIES FOR TRADEMARK EXPLOITATION IN INDIA

India's Legal system offers a range of remedies to address trademark exploitation, including Civil and Criminal actions. The Trademark Act 1999, provides for:

- 1- Injunction: Courts can issue permanent or temporary injunctions to prevent further infringement or misuse of a trademark.
- 2- Damages and Accounts of Profit: Trademark Owners can seek damages for losses caused by exploitation or an account of the Profits earned by the infringer.
- 3- Criminal Penalties: Counterfeiting⁷²⁰ and other illicit trademark practices can lead to

⁷¹⁸ *McDonald's Corporation v. Coffee Republic Ltd., United Kingdom, 2002*. The UK court held that the use of the term "McCoffee" by a coffee chain could dilute the distinctiveness of the McDonald's brand, even though there was no direct competition. (*McDonald's Corporation v. Coffee Republic Ltd.*, [2002] EWCA Civ 213).

⁷¹⁹ Trade Marks Act, 1999, Section 29. This section provides the legal definition of trademark infringement, stipulating that unauthorized use of a registered trademark that causes confusion among consumers is actionable under the law.

⁷²⁰ Trade Marks Act, 1999, Section 103. This section specifically addresses counterfeit goods and provides for penalties, including fines and

imprisonment and fines under section 103 and section 104 of the Trademark Act 1999.

The role of the Indian Judiciary in interpreting and enforcing trademark rights is crucial in tackling exploitation. Courts have consistently favoured protecting the rights of genuine trademark owners, as evidenced in cases like *Cadbury India Ltd v. Neeraj Food Products* and *Amritdhara Pharmacy v. Satyadeo Gupta*.

International Framework

India as a member of World Intellectual Property Organization (WIPO)⁷²¹ and a signatory to the Trade- Related Aspects of Intellectual Property Rights (TRIPS) Agreement, is committed to upholding global standards in trademark protection. The enforcement of these international framework has further strengthened India's ability to combat trademark exploitation.

CONCLUSION

Trademark exploitation is a serious concern in India, where the rise of counterfeit products, cybersquatting, and trademark infringement continues to affect both businesses and consumers. While the Trademark Act, 1999 and other legal instruments provide a solid framework for protecting trademark, the effectiveness of these laws depends on their rigorous enforcement. Legal remedies such as injunction, damages, and criminal actions have proven essential in curbing exploitation, but greater vigilance and public awareness are needed to combat emerging challenges. Strengthening the judicial response, alongside public education and inter-agency cooperation, will be critical preserving the integrity of the trademark system in India.

imprisonment, for those found guilty of manufacturing or selling counterfeit goods under a registered trademark.

⁷²¹ World Intellectual Property Organization (WIPO), an international organization that oversees global intellectual property systems, including trademark protection. India is a member of WIPO and is also a signatory to the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, which sets global standards for the protection of intellectual property.

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