

Legal Issues in ‘Corporate-Commercial IP (Regulatory & Litigation)’

Issue: Does the Test for Determining Infringement of Corporate Name/ Trade Name Differ from That of A Trade Mark?

Introduction

- ❖ The terms trade marks and trade names are often used interchangeably. There is however a difference between the two.
 - **Trade Names:** Formal name of a business. The official name under which a company does business.
 - **Trade Marks:** Names, symbols, logos etc. used by a company to market its products/services.
- ❖ While conducting availability searches for trademarks, many proposed marks get rejected because of similar existing company names.
- ❖ The parameters relating to acceptable company names (which are to be registered during incorporation) were clarified *via* an amendment to the Companies Act, 1956.

Relevant Provisions of the Trade Marks Act, 1999

- ❖ **Section 2(1)(m):** “*mark*” includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof;” [Emphasis supplied]

- ❖ **Section 29(5):** “A *registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern dealing in goods or services in respect of which the trade mark is registered.*” [Emphasis supplied]

- ❖ **Section 29(4):** “A *registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which—*
 - (a) *is identical with or similar to the registered trade mark; and*
 - (b) *is used in relation to goods or services which are not similar to those for which the trade mark is registered; and*
 - (c) *the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.*” [Emphasis supplied]

Relevant Provisions of Companies Act, 2013 and Companies (Incorporation) Rules, 2014

- ❖ **Section 4(2):** *“The name stated in the memorandum shall not—
(a) be identical with or resemble too nearly to the name of an existing company registered under this Act or any previous company law; or (b) be such that its use by the company—(i) will constitute an offence under any law for the time being in force; or (ii) is undesirable in the opinion of the Central Government”* [Emphasis supplied]
- ❖ **Section 16(1)(b):** *“...on an application by a registered proprietor of a trade mark that the name is identical with or too nearly resembles to a registered trade mark of such proprietor under the Trade Marks Act, 1999, made to the Central Government within three years of incorporation or registration or change of name of the company... in the opinion of the Central Government, is identical with or too nearly resembles to an existing trade mark, it may direct the company to change its name and the company shall change its name or new name, as the case may be, **within a period of six months from the issue of such direction, after adopting an ordinary resolution for the purpose...**”* [Emphasis supplied]
- ❖ **Rule 8(2)(a)(ii):** *“... The name shall be considered undesirable, if-... (ii) it includes the name of a registered trade mark or a trade mark which is subject of an application for registration, unless the consent of the owner or applicant...has been obtained and produced by the promoters;”* [Emphasis supplied]

Relevant Case Laws

❖ *Raymond Limited v. Raymond Pharmaceuticals Private Limited* [2010 (7) Mh.L.J. 646]

Facts: The case pertained to use of the corporate name *Raymond* by the Defendants. The plaintiff is a renowned manufacturer of textiles and readymade garments since 1913, whereas, the Defendant was engaged in the business of pharmaceuticals, since 1983.

Issue: Can use of the registered trademark of the Plaintiff by the Defendants as a part of their corporate name attract an action under Section 29(4), since the relevant business of the parties are different?

Held: “ *...in case where the defendant uses as a part of his trade name registered trade mark of the plaintiff, if the goods are similar, identical or the same as that of the plaintiff, the case will be covered by sub-sections (1) and (2) of section 29 of the Act and if the goods of the defendant are dissimilar, it will be covered by sub-section (4) of section 29 and sub-section (5) of section 29 will become otiose. [Emphasis supplied]... Holding that where the defendant is using registered trade mark of the plaintiff as a part of the trade name of the defendant, where the goods are the same, sub-section (5) of section 29 will apply but if the goods of the defendant are dissimilar, sub-section (4) of section 29 will apply, will be contrary to the legislative scheme of section 29.” [Emphasis supplied]*

Relevant Case Laws (Contd.)

❖ *Bloomberg Finance LP v. Prafull Saklecha and Ors.* [2013 (56) PTC 243]

“...For the purpose of Section 29(4), the use of a mark as part of a corporate name would also attract infringement. In other words, if the registered mark is used by a person...as part of the corporate name under which he trades then also infringement would result. What is however important is that the registered trade mark must be shown to have a reputation in India and should be shown to have been used by the infringer 'without due cause'. Further, it should be shown that such adoption or use has resulted in the infringer taking unfair advantage of the registered mark or is detrimental to the distinctive character or repute of the registered trade mark...”

“...For the purpose of Section 29(5) of the Act, there is no requirement to show that the mark has a distinctive character or that any confusion is likely to result from the use by the infringer of the registered mark as part of its trade name or name of the business concern...the legislature may not be said to have intended not to provide a remedy where the registered trade mark is used as part of the corporate name but the business of the infringer is in goods or services other than those for which the mark is registered...”

“...The Statement of Objects and Reasons of the Trade Marks Act 1999 explain that sub-section (5) of Section 29 "seeks to prevent a person from adopting someone else's trade mark as part of that person's trade name or business name by explicitly providing that such action shall also constitute an infringement under this Act. This provision will bring this clause in harmony with the proposed amendments to Sections 20 and 22 of the Companies Act, 1956..." [Emphasis supplied]

Relevant Case Laws (Contd.)

❖ *Cipla Ltd v. Cipla Industries Pvt. Ltd. & Anr.* [2017 (69) PTC 425 (Bom)]

Facts: The Plaintiff, a well-known manufacturer of pharmaceutical products, has been using the mark CIPLA for a long time on class 5 products. The Defendants have the mark as part of their corporate name, and they use in respect of household articles, such as soap dishes, photo frames, ladders etc. in class 21.

Held: “...*The implication of the Division Bench judgment seems to be that a proprietor may use his mark either as a mark or as a corporate name; but he can only succeed in infringement against a defendant who either (a) uses the mark as a mark for goods whether similar or dissimilar (under Sections 29(1), 29(2) or 29(4) as the case may be); or (b) uses the mark as a corporate name or trading style but for similar goods. The plaintiff cannot get an injunction where the defendant uses the mark (i) as a corporate name or trading style and (ii) for dissimilar goods... Logically, this would mean that, for instance, 'Mercedes Benz', 'Volvo' or 'Whirlpool' could be used as the name of a partnership firm, a company or a proprietorship for, say, ice cream or hosiery or chartered accountancy services; and the proprietors of those marks would have no remedy, unless they were able to zero in on some dishonest advertising of that name. The finding in paragraph 12 that it is a necessary implication that if the defendant adopts the plaintiff's trade mark as a trade name but deals in dissimilar goods, this does not amount to infringement is probably not a correct interpretation of Section 29(4) read with Sections 29(5) and 29(8) of the Trade Marks Act, 1999...” [Emphasis supplied]*

Relevant Case Laws (Contd.)

❖ *Cipla Ltd v. Cipla Industries Pvt. Ltd. & Anr.* [2017 (69) PTC 425 (Bom)] [Contd.]

- **Questions framed by the Single Judge in the Cipla Judgement**

- Justice GS Patel framed the following questions to be referred to a larger bench:

1. “” *Where a party is found to be using a registered trade mark as a ‘name’, viz., as a corporate or trading name or style, though in respect of goods dissimilar to the ones for which the trade mark is registered, is the proprietor of the registered trade mark entitled to an injunction on a cause of action in infringement under Section 29(5) of the Trade Marks Act, 1999?*
2. *Whether the use of a registered trade mark as corporate name or trading name or style is excluded from the purview of Sections 29(1), 29(2) and 29(4) of the Trade Marks Act, 1999, and whether those Sections are restricted to the use of a trade mark ‘as a trade mark’, i.e., in the ‘trade marky’ sense?*
3. *Whether Sections 29(4) and 29(5) operate in separate and mutually exclusive spheres, i.e., whether, if the defendant uses the registered trade mark only as a corporate name or trading name or style in respect of dissimilar goods, a plaintiff can have no remedy and is not entitled to an injunction?*
4. *Whether the view taken by the Division Bench in Raymond Ltd. v. Raymond Pharmaceuticals Pvt. Ltd. (2010 (44) PTC 25 (Bom) (DB)) is a correct view?”* [Emphasis supplied]

Relevant Case Laws (Contd.)

❖ *Cipla Ltd v. Cipla Industries Pvt. Ltd. & Anr.* [2017 (69) PTC 425 (Bom)] [Contd.]

- Decision of the Full Bench

“...The difference in the phraseology and language used in the two Sub-sections makes it clear that Sub-section (4) applies in “trade mark versus mark” situation. It applies when the mark is used in the course of trade in relation to goods and services. Sub-section (5) applies to a “trade mark versus trade/corporate/business name” situation. It is a special provision which is different from Sub-sections (1), (2) and (4). Thus, Sub-sections (4) and (5) apply to different situations arising out of use of a mark. Sub-section (5) does not make Sub-section (4) otiose. The fact that the definition of the word “mark” includes “name” is of no consequence while interpreting Sub-sections (4) and (5). If we hold that Sub-section (4) will apply to those cases where the first condition of Sub-section (5) is satisfied but second one is not satisfied, the requirement specifically incorporated in Sub-section (4) of the mark being used in relation to goods and services will become redundant. [Emphasis supplied] A statute cannot be interpreted in such a manner. The use of trade mark as a part of corporate/business/trade name cannot be read into Sub-section (4)...”

“...Possible inconvenience or prejudice to a class or classes of proprietors of registered trade marks is no ground to read something in Sub-section (4) which is not there and give a meaning which is contrary to plain meaning. Sub-section (8) of Section 29 has no relevance at all while interpreting Sub-sections (4) and (5). Sub-section (8) applies only in case of advertising of a trade mark.” [Emphasis supplied]

Relevant Case Laws (Contd.)

❖ *Mankind Pharma Ltd v. Chandra Mani Tiwari & Anr.* [2018 (75) PTC 8 (Del)]

Issue: Whether use of the mark MERCYKIND by the Defendants as a part of their corporate name would infringe the rights of the plaintiff in their trade name MANKIND?

Held: “...Neither is it so the case of the plaintiff nor are the defendants found to be using “MANKIND” or any other registered trade mark of the plaintiff with “KIND” as prefix or suffix as part of their name. What the defendants are using as part of the corporate name of the defendant No.2 Company is “MERCYKIND”...What has been constituted as infringement under Section 29(5) is use of the registered trade mark as trade name or part of the trade name. Thus, there would have been infringement under Section 29(5), if the defendants, as part of their name, had used “MANKIND” or any other registered trade mark of the plaintiff. Merely because “MERCYKIND” in the name of defendant No.2 Company may be deceptively similar to “MANKIND” or any other registered trade mark of plaintiff with “KIND” as prefix or suffix, would not amount to infringement under Section 29(5).” [Emphasis supplied]

Conclusion

- ❖ The full bench decision in the Cipla case has made it abundantly clear that if the second condition in Section 29(5) (regarding goods/services being dissimilar) is not fulfilled, a plaintiff cannot take recourse under Section 29(4) for claiming infringement.
- ❖ The decision of the court in Mankind Pharma case has held that if the first condition in Section 29(5) (regarding the trade name being identical to a registered trade mark) is not satisfied, plaintiff cannot claim infringement under this section.
- ❖ It is therefore clear that the courts have been interpreting Section 29(5) strictly in a literal manner. Such interpretation has led to an unfortunate situation where a registered proprietor cannot restrain use of his trademark as trade name by a person in a different field of business.
- ❖ The observation of the Delhi High Court in the Bloomberg Finance case also points to this. The object and intent of the Act might be defeated in case this situation is not rectified.
- ❖ Until then, a recourse could possibly be under Section 27 of the Act, by means of a passing off action.

THANK YOU!
Questions?

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