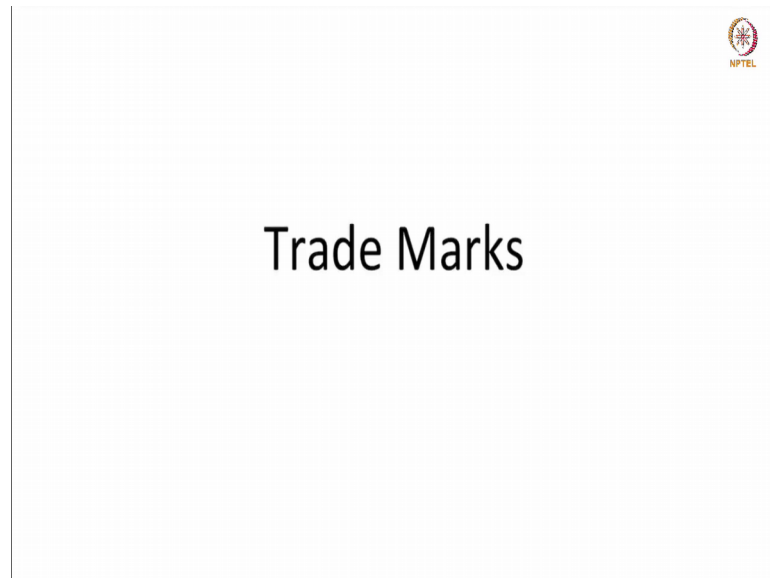


Intellectual Property
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Lecture - 39
Trade Marks

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Trade Marks referred to marks that are used in trade. These marks are used to identify or distinguish goods and services that are used in business. By trade we refer to a business. So, to understand trade marks, we need to understand what businesses are.

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Business

An organization or economic system where goods and services are exchanged for one another or for money. Every business requires some form of investment and enough customers to whom its output can be sold on a consistent basis in order to make a profit.

1. INTERACTION → dealing, exchange
2. THING → good, service
3. VALUE → money, valuable

Act
Parties: buyer, seller
GST

A business can be defined as, an organization or an economic system, where goods and services are exchanged for one another of money. So, we understand it as an exchange, of goods and services for money or consideration.

Now, this brings couple of things into play. We understand the business as an interaction and this interaction pertains to a thing, there is a thing involved and this thing has value. So, there is an interaction, interaction can have multiple connotations, it can be a dealing, it can be exchange and it also means; it just not means that there is an act, it also means that there are parties who perform the act, so we have parties as well. So, an act requires at least two people to deal with each other. So, the parties here could be, the buyer or the seller or the lessee or lesser. So, you have an act, which is done by parties, which is what we refer to as interaction.

Now, the thing here in business refers to good or a service. Now, you could also say products, you could say a merchandise, but largely this comprises and that is the reason we have the GST tax; that is goods and services tax because, the goods and services is understood to encompass everything, that can be a part of trade. The third thing that to fall within the definition of a business, this exchange or this interaction of the thing the interaction of the thing, has to be for a value which means money passes hands or the exchange is itself of valuable goods. Now, if it is not for value, then we do not call it a business.

For an instance, father gives allowance to his son or to his daughter, we do not call that as a business transaction, it can be a familial transaction. Or a friend gives money to his friend in a time of need that is again friendly transaction. Or person gives a donation to assist people in distress that is again charitable transaction. So, if the value pertains to the exchange of goods and service then, we call that a business transaction. So, there is an interaction, by which we mean it could be an act or it could be which involves parties and that act involves the thing. And the thing, by which we mean it refers to a goods; it refers to by which we mean it refers to goods or services, which are exchanged or which are dealt with for a value and the value here is money, for something that can be computed in terms of its value, by value we mean money.


This definition is important because, every business also requires some form of investment and we saw that investment in intangible leads to intangible assets. So, we had already seen that, businesses do invest money and in it need not be just money; it could be efforts, it could be people (Refer Time: 04:37) we saw a whole lot of things, that can fall within the ambit of investment. And it is the investment that actually produces these goods and services. So, every business requires some form of investment and enough customers because you need people to buy your stuff to whom, its output can be sold on a consistent basis, in order to make profit.

So, there is an investment, there are people who would buy it from your customers, and there is an output from you, which is your goods or services and you are in for making a profit, so you are not a charitable business. So, businesses are the ones, which use trade marks and the word trade itself refers to business. Now, we try to understand the use or how trade marks came into being, because when you understand trade mark as something that is tied to business and a business is an interaction in exchange or a dealing, which involves a thing, a thing could be a good or a service and which comprises of some value; which can be computed in money then, we know that it is a business transaction or a business activity.

Trade marks are used solely in business activities or the use or the evolution of trade marks came around in business activities; which is also true to the other intellectual property rights that we have covered so far. Patents also they try to industrial activity and they had to be a commercial purpose or what we call usefulness or utility tied to

patterns. So, intellectual property rights share this common theme that, they are relevant for commercial activity or they are used for the purpose of businesses.

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Preface

- Promotion and selling of goods and services
 - Brands
 - Get-up, business names, etc.
 - Consumers distinguish competitive products
- What is a trade mark?
 - Any word, name, symbol, or device
 - Used to identify and distinguish goods and services

So, trade marks came up as a means to promote and sell goods and services. And goods and services earlier it was just goods, but later on we added services because, when trade marks evolved initially the focus was only on goods. Now, we will see when the services part came into being. So, traders usually used brands as a means to identify their goods. And this came up by not only identifying them goods and services they were selling, but also to identify the business names. So, a trade mark can be something that identifies a business name, the entity that does the business a corporation or a organization, it could also mean a the product that is sold or the services that are offered.

So, this came about because, in a marketplace where there are multiple people offering the same good or the same service, there is a need to distinguish these services or goods. And they need to distinguish competitive services and competitive product, led to the businesses, who are offering these competitive products and services to distinguish their products and services by way of marks. You may say that, the best way to distinguish a product or a service is by making the product unique or the service unique. Yes, that is certainly a way in which you can distinguish your goods, but certain goods it is very hard for you to distinguish or to make them unique from what they actually are.

For instance a safety pin, there is not much uniqueness you can bring into a safety pin without actually changing its function or if you make bring too much uniqueness people may not even identify the product. So, you could have trade names which will bring this uniqueness. For instance; paperclips were also known as gem clips. Gem refers to a trade name and sometimes products are the generic name of the products may be attributed to certain trade names because of the common use. Now, gem clips refer referring to paper clips is one thing, thermos again a trade name referring to flasks is another instance. Xerox referring to the product that comes out of their machines that is a photostat or a photocopy is again an instance of a trade name being commonly used in identifying the product. Velcro again a trade name and we understand the product by the trade name itself.

So, trade names are used to distinguish and to identify competing products. A trade mark refers to any word, name, symbol or device which are used to identify and distinguish goods and services. Now, this is the definition of the trade mark. A trade mark in simple terms is a mark and when we say a mark, we refer to something that can be graphically symbolized or something which can be shown graphically, which is attributed to a trade or a business.

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History and Origin

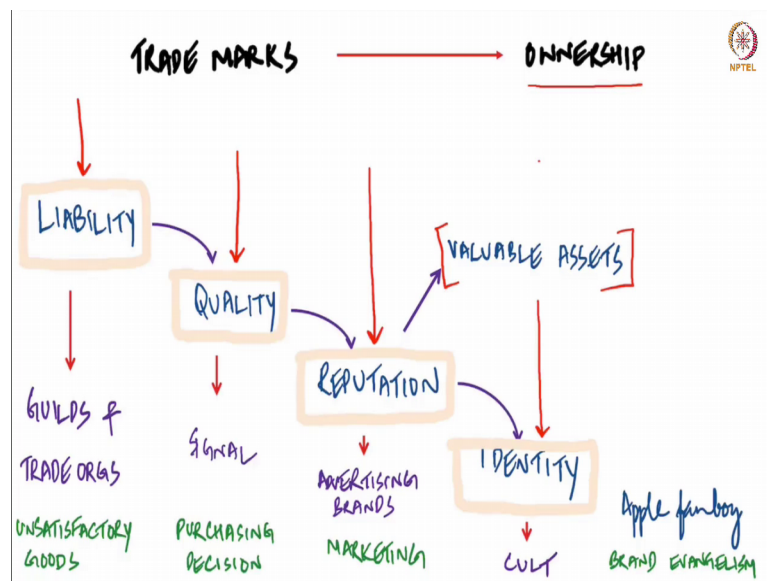
- Existed from time immemorial
 - Craftsmen sold their goods with signature, marks
 - Increasing trade in middle ages lead to increasing use of signs to distinguish goods
- Role in Industrialization
 - Growth of market oriented economy
 - Same products and services by different competitors
 - Difference in quality, need to distinguish

Marks have existed since time immemorial and the usage in business has also been there for a long time. Now, craftsman who sold goods used marks to identify their goods. Even

now, if you look at an work of art, there is a tendency for the artist to sign his or her name in the piece of art. Now, again this was meant not as a trade mark, but it was meant as a means for a craftsman to tell the world that a product belongs to him or he was the creator of the product. The use of marks for businesses to identify goods increased around the middle ages, which was a time when productivity increased and competition also increased. And this saw the need to distinguish, goods and services amongst people who were selling these goods and services.

And industrialization also played a role. The growth of markets, especially which allowed for competing products to be sold require that, these products can be distinguished in some way. And as I mentioned the distinguishing feature need not be just in the quality because, the poor quality can be a distinguishing feature, but it also had to be in a way in which customers could identify it. You will see that, marks over a period of time gained reputation and goodwill and it become a symbol and it became a symbol of quality.

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So, trade marks were tied to ownership. By ownership we mean the ability to identify that, certain goods and services came from a particular entity. Historically we know that people used to be concerned about identifying the products and the services they were selling. For instance, people who dealt with cattle had a way by which they could earmark the cattle so that if the cattle got lost they could identify that as the owners and

claim it back. People who were selling goods which had to be shipped across the seas had a way to mark their goods so that if the ship got wrecked there was a way in which, the person who shipped the items could identify the goods based on the mark. So, this was an initial way by which when a trader or a seller of a goods when he had to have some kind of control over his goods he would put a mark on it, so that marks could identify the owner.

Marks initially used to be tied to liability. By liability we mean, a when goods were sold in a particular market and that market they if the quality of the goods was unsatisfactory then, the people who ran the market would identify the goods by the person who had sold it. And a way to identify unsatisfactory goods or goods we did not meet the required standards was by identifying them with the marks. Now, Guilds and trade organizations in the earliest times identified goods by marks as a means of liability. So if someone sold unsatisfactory goods then, it was easy for these trade organizations to identify the owner of those goods and cause some kind of liability on the owner, either the owner had to replace the goods or he had to give back the consideration the money, he received for the goods. So, initially trade marks evolved as a source of attributing liability for bad goods.

Over a period of time, they came to be attributed to quality. Now, quality is a signal which tells the customer that the customer can go ahead and buy the product. So, quality leads to a purchasing decision. So, the quality part came as a means of attributing a certain amount of trust on the products that were sold bearing a particular mark. So, the mark over the period of time became symbols of quality. So, earlier they were symbols of liability and slowly they moved to take a new function that of quality.

And as business is flourished and as businesses became to be marketed on a large scale, and as branding and marketing an advertising led to the spread of brands using trade marks there was a another quality that came in for trade marks, that trade marks were type two reputation. So, now you could buy a Nike shoe or purchase Coca-Cola because, the brands had a reputation which conveyed quite a lot of information to the buyer. So, a person who brought a Coca-Cola product would know that the reputation of a company that is more than 100 years old would stand by its product. Or when a person purchased a Nike shoe or an athletic apparel then, he would know that, the company's R and D department and the design department would stand by the product and there is a reputation of the company, that has transferred through the brand. This essentially made

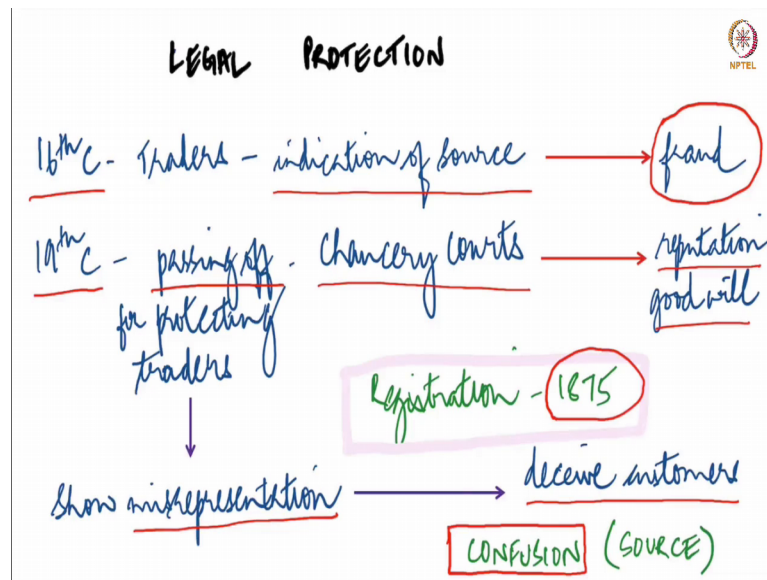
the brands a valuable asset in itself. Now, we saw that intangible assets are created by an investment into that goes into it and brands are intangible assets and the investment that goes into creation of brands or trade marks happen over a long period of time.

So, reputation, marks, trade marks, were type two reputation. Now, this probably is the stage at which most brands are because, every brand is trying to create a reputation and trade marks do play a big role in creating reputation. But we also have another stage where, customers identify themselves with a brand. So, the brand, the trade mark becomes a source of identity for the customer. For instance, when we refer to a person as an Apple fan boy or a person who uses only Apple products then, the person wants himself to be identified as a person who uses a particular product. So, when people start identifying themselves with trade marks, some people have referred to this as a kind of a cult that gets created because of the trade marks themselves. We are referring to a face where trade marks no longer perform the traditional function of liability quality or reputation. Now they perform an additional function of people being able to identify themselves through a mark.

For instance, a person who uses a Mont Blanc pen, he wants a particular image to be conveyed about him, he wants the pen to be a part of his identity. Or when we refer to a Ferrari driver: again the fact that a person purchases the car and uses it becomes a part of a person's identity. So, this is also what most companies are trying to get to because, once you are able to become a part of your customers identity then, the customers would do the job of advertising. And this is referred to as brand evangelism, where the customers go forward and become brand ambassadors.

So, we have seen trade marks go through; so, you have seen trade marks go from liability. So, we have seen trade marks go from attributing liability to unsatisfactory goods to becoming signals of quality then, becoming symbols of reputation. And now especially for certain marks becoming a part of the customers or the users identity itself.

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Legal protection for trade marks started around the 16th Century, when traders used it to signify the source. Now, the main concern was to ensure that, people do not get defrauded. Now, a trader when he uses a mark, the trader signifies that the goods are from his enterprise. And because customers know the source of origin through the mark it was possible for the trader to identify others who would try to pass off their goods as the trader's goods.

So, it became a way in which, misconceptions about the product or misrepresentations of the product was prevented because, now the trader had a mark and the trader would tell that my goods come with a particular quality and this mark identifies the goods that I am selling. Around the 19th century the relief by which a trader could stop another person, who was trying to sell similar goods using a similar mark like that of the trader was through a relief called, the relief of passing off passing off simply means somebody else is passing off their product as yours. So, you have a remedy. This remedy was given by the British courts by the Chancery courts in United Kingdom.

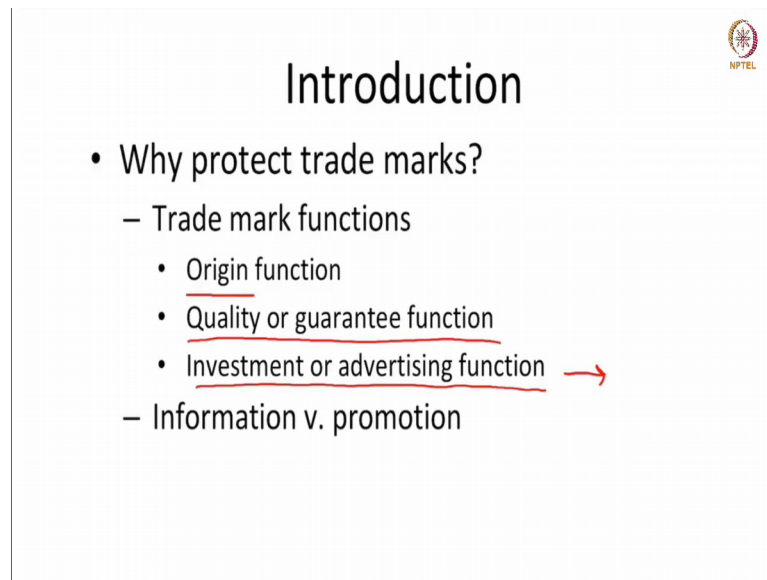
Now, passing off was the first relief that came to protect trade marks and passing off still exists, when it comes to protecting unregistered trade marks. Now, the relief of passing off was tied to the reputation that, the trader had and to the goodwill that, the trader had evolved over a period of time. So, again the focus was on preventing misrepresentation and the relief offered was to stop the person, who was misrepresenting his goods as the

goods of the trader, because trader had a reputation and goodwill in the market. So, till the 19th century there was no registration for trade marks. Marks attained reputation and goodwill by usage. The fact that the trader used it in the market over a period of time and gained reputation was enough to stop others from using similar marks. And the relief was the relief of passing off.

Registration came around the year 1875 in England because, the history that we are looking at for the trade marks act is the history of the evolution of trade mark law in England. Because the first act that came around in India was a act that was of a British import. So, we will see just as we had in the case of Patent Law, the origin of Indian Trade Mark Law is also from British Statutes. So, registration came around 1875, till such time there was no registration every mark was essentially an unregistered trade mark. And the way in which you could protect an unregistered trade mark was by the relief of passing off, which was nothing but approaching the court saying that somebody else is passing of their products, as your product and asking the court to inject them or to stop them from doing that. Now, the relief that a person would claim was saying that, the competitor was misrepresenting and was deceiving the customers.

So, deception or deceptive similarity or something that could deceive people still remains at the centre or still remains the focal point of trade mark law. So, if there is a deception or confusion with regard to the source or with regard to the origin trade mark law will step in. So, these are two things, that we need to bear in mind when we understand trade marks, that when goods and services deceives customers or it causes confusion or there is a likelihood to cause confusion. Then the trade mark law will allow the trade mark holder to stop the goods or services that are causing the deception or the confusion. So, deceptive similarity and confusion are things that trade mark law fill factor in while granting a relief to a trader.

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Introduction

- Why protect trade marks?
 - Trade mark functions
 - Origin function
 - Quality or guarantee function
 - Investment or advertising function →
 - Information v. promotion

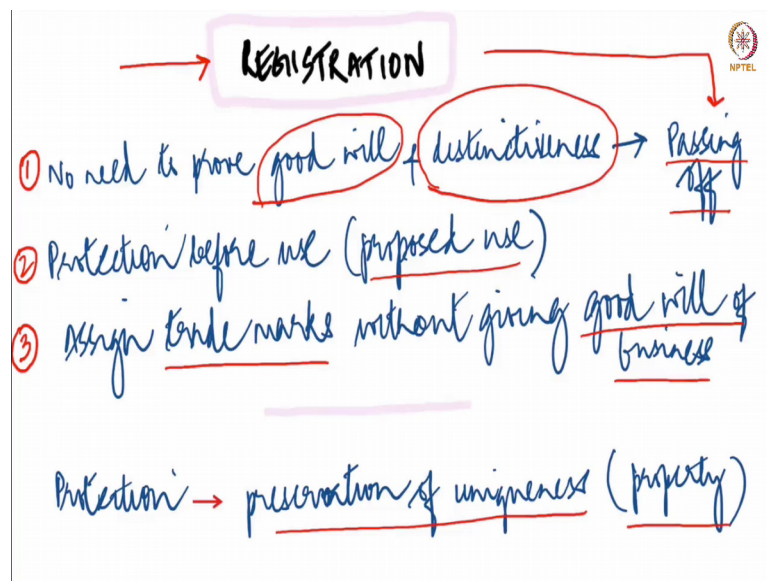
Now, why should we protect trade marks? Now, trade marks perform various functions we had seen that, over a period of time they were used to attribute liability, then they were used to as a signal of quality, then they became a symbol of reputation and now there is also cult following of trade marks as we have seen. So, the origin was to identify the goods with a particular seller, so that still remains the function of a trade mark is to identify the origin. Now, we also saw that later on the fact that, the trader would use the mark repeatedly and it gained a quality and a guarantee function. Because now, because the trader had a reputation he would also want people to repeatedly buy his product and which we saw as one of the reasons by which we understand the business. A business is something, which continues over a period of time selling goods and services to customers so the quality was required or some kind of a guarantee was expected for a business to continue.

And always there is also an investment or an advertising function. The fact that, all the money that is pulled in for marketing can now be attributed as something that goes towards building the reputation. Now one instance is, if you look at any trade mark dispute; dispute between two parties where, trade mark holder alleges that his mark has been infringed by another person. Now when the trade mark holder files a case before the court of law asking the court, to stop the person from using his mark and there are various other reliefs that the trade mark holder can claim. You will find that the trade mark holder will, in most cases mention the amount of time money and resources, the

trade mark holder has spent in marketing and advertising. Now, this is because trade marks are understood to have developed some kind of reputation by advertising and by marketing.

So, if your marketing revenue or advertising revenue is substantial, that is a way for you to demonstrate though they would not be the only way to demonstrate that, your mark has attained a reputation and goodwill by the fact that, you have advertised it and people know about it So, trade marks have not only an information function, wherein they give information about the product, but they also have a function of promoting the product. Because many advertisements go beyond supplying information about the product, they also go to promote the product. They sometime encourage users, they sometimes encourage users to take up and to buy the product and to use the product.

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Now, registration as we saw started off only after the relief of passing off existed for traders. Now, registration did something which passing off could not do. Now, to get a relief of passing off, you had to prove goodwill and you had to show distinctiveness. By registering a trade mark, there was no need for you to do these two things, you could just register the trade mark and the fact that, the trade mark is registered; you could get a relief against injunction, whereas passing off required you to show goodwill and distinctiveness. And that that was the first thing that, registration did registration removed the need to prove goodwill in an infringement suit.

The second thing that registration brought about was, you could also register for a proposed use, which means you could get the protection first and then start using the trade mark, which was not possible for unregistered marks because, unregistered marks could only be enforced, if they were used.

The third benefit that registration brought about was the fact that, you could assign trade marks without giving away the goodwill of the business. So, assignment of marks without assigning the business or the goodwill in the business was possible, when trade marks were registered, because your assignment was only for the use of the mark without actually giving away the goodwill along with it. So, the protection that registration brought was the preservation of the uniqueness. So, your mark had to be unique, in fact marks which are overlapping with other, marks or marks which are generic in nature, or marks which are common to trade cannot be registered. So, there are absolute grounds on which, registration can be refused and there are also relative grounds; so we will see them in detail.

So, protection came to be something that was attributed to the uniqueness and uniqueness is a function that, we understand that property normally has; this private property especially, is something that is unique and identifiable from property that belongs to others.

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NOT A MONOPOLY ← Patents, Copyright, Design

IN GOODS & SERVICES - Only in using name

JUSTIFICATIONS

- CREATIVITY - creative association → trader, public
REWARDS INVESTMENT - QUALITY
- INFORMATION - market efficiency increased
Shortland - HVL v. Amul
- FAIRNESS - Ethical - comparative advertising

When we look at trade marks, we also need to understand that trade marks are not a monopoly, in the sense that patents or copyright or designs are. Now, there is a reason for this because, if a patent is granted, it stops a person from using manufacturing, selling, importing the product that is covered by the patent. If a copyright is granted for a book, it stops a person from making copies of that book. Whereas, if a trade mark is granted it does not stop another person from dealing with those goods, it only stops the person from using that trade name; that is it. So, if you are in the business of selling mobile phones, you cannot use Apple on your phone that is it; the only restriction is using registered trade marks, which are held by others say Motorola or LG or Samsung.

The restriction is only in confined to using marks that are owned by others. So, you can still enter the mobile phone business because, as long as you use your own unique mark and come up with a product, nobody can have any grievance against you. But if a product is patented, say a cure for leukemia and there is a drug that is patented which can cure leukemia. The fact that the drug is patented will not allow any other entity to manufacture or to sell that drug. So, patents in that sense offer a monopoly in such a way that, others cannot use or enter the trade whereas, trade marks do not offer a monopoly on the goods or services rather, it only gives an exclusivity in using a particular name.

Now, there are some justifications as to why we should have trade marks. Now, the first justification is that, there is creativity involved in trade marks and the creativity refers to the creative association of what a trader is selling with what the public would attribute to that product. For instance, when the public or a buyer looks at the Apple logo, the buyer is able to perceive that the goods have come from Apple Inc then, it will satisfy certain requirements of quality, it will satisfy certain requirements with regard to functionality and various other things the buyer would have known with regard to products created by Apple. Now, all this comes by just looking at the apple logo. When a person looks at a product and sees that Apple has created or designed that product then, the buyer would attribute so many things because, it has come from that entity.

Similarly, for Nike: Nike does not anymore right Nike on its products, it just shows or describes its product through the symbol, just like the way in which Apple does. Now, this creative association is something, which Apple achieved over a period of time. The fact that people look at the Apple logo and attribute quality reputation, goodwill and many other things to the product was created by the trader or by the business entity itself.

Now, there are some objections to this by saying that, it is just not the creative association done by the trader, but the public also plays a part because, every time a person looks at the Apple logo, there is something that the person perceives to be attributed to the company Apple.

So, there is a contribution that comes from the public as well. So, it is just not creativity by the trader, but it is also creativity that is perceived by the users. So, the first justification is that, trade marks create creative association between the manufacturer of the product or services and with the goods that come out of the enterprise. Now, because marks can have this creative association, there was an incentive to invest in quality. Because now, a person can look at a mark and attribute quality to the product companies started to invest in quality So, that is the first justification that, creative association marks so, that is the first justification. Marks came as a way to creatively associate the goods to its origin.

The second justification was that, marks provided information. And in a market where, there are multiple players selling goods and services, there is a need for us to understand information about the product more efficiently. So, marks became a shorthand for supplying information with regard to a product. So, you could see the logo of say Tata or Suzuki or Honda and you can immediately attribute certain things about the product by just looking at the logo. So, it improved the way, in which information was supplied to the customers. And we will later on look at the dispute between Hindustan Unilever Limited and Amul where, the fact that information supplied through the mark led to dispute between these two entities.

The third justification is one of fairness. The fact that, the trader came up with the association, the trader should be allowed to reap the benefits of such association and link to this is the fact that if someone else exploited the association then, the law should intervene to stop that person. And this also had was tied to the fact that, that because a trader has used the mark over a period of time and has generated goodwill and reputation, it should be in the interest of the market as well that, people are not misled into believing that, someone else's product is that of the traders product.

So, the fairness part of the marks pertain to letting the person, who came up with the mark or a association between goods and services and his business enterprise to get the

benefits out of that association. So, we have seen that, trade marks can be protected by two means, by a registration you can protect trade marks and a registered trade mark can be enforced before a court of law.

You can also protect trade marks by, what we call the remedy that is offered in common law that is the remedy of passing off. So, passing off as a way by which, you can protect unregistered trade marks, but then you need to show goodwill and reputation for those marks.