

## CONCEPT OF DECEPTIVE SIMILARITY UNDER TRADEMARK LAW IN INDIA AND USA

*Sheetal Chauhan<sup>1</sup>*

### ABSTRACT

*In today's world of globalization and high pace of commerce, it is of paramount importance for every business venture to develop its own brand value, which means to develop its identity in the market and in the minds of the consumers. Thus trademark plays a pivotal role in the formation of such identity and helps in revenue generation because if a product is good and has a trademark, then nothing can stop it from ruling the market.*

*But it is to be noted, that where a trademark furthers a prospect of a successful trade, it also becomes highly vulnerable to being misused or infringed. One such mode of infringement is by way of creating a trademark which is "deceptively similar" to the pre-existing trademark in order to confuse the consumers and in cash the goodwill of the already established trademark. This not only puts a question to the reputation of the original trademark holder but also results in economic loss.*

*This paper aims to discuss the concept of deceptive similarity in India and US and how it is judged in both the countries with the help of various case laws in the respective countries. We shall also discuss the origin, history and development of Trademark in India and US.*

**Keywords:** *Deceptive Similarity, Goodwill, Infringement, Trademark.*

---

<sup>1</sup>Student, 5<sup>th</sup> year, B.A. LL.B (Hons.), Amity University Rajasthan

## INTRODUCTION

Intellectual Property Rights allows people to assert ownership rights on the outcomes of their creativity and innovative activity in the same way that they can own physical property.<sup>2</sup> Trademark is one of the areas of intellectual property and its purpose is to protect the mark of the product or that of a service. Hence, a trademark is defined as a mark capable of being represented graphically and which is capable of distinguishing the goods and services of one person from those of others and may include shape of goods, their packaging and combination of colors, they include a device, brand, heading, label ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof.<sup>3</sup>

A trademark is a distinctive sign or indicator used by an individual, business organization, or other legal entity to identify for consumers that the products or services on or with which the trademark appears originate from a unique source, designated for a specific market and to distinguish its products or services from those of other entities.

The essential function of a trademark is to exclusively identify the commercial source or origin of products or services, so a trademark, properly called, indicates source or serves as a badge of origin. In other words, trademarks serve to identify a particular business as the source of goods or services. The use of a trademark in this way is known as trademark use. Certain exclusive rights attach to a registered mark, which can be enforced by way of an action for trademark infringement, while unregistered trademark rights may be enforced pursuant to the common law tort of passing off.<sup>4</sup>

It should be noted that trademark rights generally arise out of the use of, or to maintain exclusive rights over, that sign in relation to certain products or services, assuming there are no other trademark objections.

---

<sup>2</sup>Anita Rao and V.Bhanoji Rao, Intellectual Property-A Primer(1st edition, Eastern Book Company), pg 1

<sup>3</sup><http://www.businessgyan.com/content/view/623/220/>, last accessed on 8<sup>th</sup> March 2017

<sup>4</sup><http://www-scf.usc.edu/~sileshsu/hwork3.html>, last accessed on 8<sup>th</sup> March 2017

Trademarks provide their owners with the legal right to prevent others from using a confusingly similar mark. However they cannot stop competitors from making the same goods or from selling the same goods or services under a clearly different mark. Trademarks helps consumers identify and purchase a product or service because its nature and quality, indicated by its unique trademark, meets their needs.

### **ORIGIN OF TRADEMARK**<sup>5</sup>

A "trademark for commercial goods" necessarily requires commercial goods; in societies based on the barter system, therefore, there was no basis for "trademarks for goods." Trademarks not only identify goods, but create a distinction between goods from various sources. Consequently, a competitive relationship exists, and an overly simplistic mark is insufficient to be a trademark. The trade of goods came into practice long ago, and the use of trademarks is thought to have evolved from that.

The origin of trademarks can be traced back as far as the beginning of the circulation of goods. The history of marks is nearly as old as the histories of mankind and religion. Scientists have come across excavated artifacts from places such as ancient Egypt with various symbols carved thereon for religious and superstitious reasons. "Potters marks" appeared in relics left from the Greek and Roman periods and were used to identify the maker (potter) of a particular vessel). Among those who specialize in researching the cultural heritage of marks, the studies surrounding "potters marks" are famous. It would be difficult, however, to say that these marks are trademarks in the sense of the modern meaning.

Over time, different methods of identification and distinction developed. Loved ones and pets were given names. "Proprietary marks" (in the form of a name or symbol) were affixed to goods to enable one person to distinguish their own possessions from those of others. Craftsmen applied their names, unique drawings, or simple inscriptions to identify goods they created. Even though these marks surely helped in distinguishing goods, it is difficult to say that these marks were trademarks with distinctiveness in the modern sense of the word. Symbols on goods used in ancient Rome and other countries near the Mediterranean Sea had similar characteristics to the trademarks of today.

---

<sup>5</sup>Reference from [https://www.iip.or.jp/e/e\\_publication/ono/ch2.pdf](https://www.iip.or.jp/e/e_publication/ono/ch2.pdf), last accessed on 9<sup>th</sup> March 2017

In guilds of the middle ages, craftsmen and merchants affixed marks to goods in order to distinguish their work from the makers of low quality goods and to maintain trust in the guilds. These marks, known as "production marks," served to punish the manufacturers of low quality goods for not meeting the guild's standards and to maintain monopolies by the guild's members. These production marks helped consumers to identify and assign responsibility for inferior products, such as, goods short in weight, goods comprised of poor quality materials, and goods made with inferior craftsmanship.

The 13th Century marked the earliest English law on trademarks known as the Bakers' Marking Law which, as the name suggests, required bakers to place a mark for their identification on the loaves of bread they sold. Any bread offered for sale unstamped, was confiscated and the offending baker was penalized with heavy damages. The earliest litigation over a mark took place in the 14th Century where a widow was granted use of her husband's mark. The first reference to 'infringement' was in the 15th Century in the case of *Southern v. Howe*<sup>6</sup>, where a clothier making inferior cloth used the mark of a superior clothier.

Around the 16th and 17th centuries, elementary codes of trade mark regulations began to emerge in Europe (most notably in Germany and France) and the courts began to protect marks at the behest of traders and initially protection was provided through the action for deceit, as courts held that if another trader was allowed to use the same mark, it would allow a fraud to be committed on the public. Not much later, the Courts of Chancery used the action for "passing off" to protect a trader who had developed goodwill and reputation through use of his mark.

By the late 19th century, with the advent of the Industrial Revolution, there was an enormous growth in the use of marks for advertising purposes and the modern day trade mark was born. It was in this era that norms governing trademarks found place in the decisions of the Courts of England, wherein the 'right of property' in a trade mark was recognized. The common law principles governing trade marks were subsequently codified in the Trade Marks Registration Act, 1875 in England.

---

<sup>6</sup> 79 Eng. Rep 1244 (1618)

## **HISTORY OF TRADEMARK LAW IN INDIA**

The first demand for introducing a trademark legislation in India was made in 1877 by the Bombay Mill Owners' Association to the then Government of Bombay. Though a Bill was introduced in the Imperial Legislative Council in 1879, there was no outcome of the process. However the law governing trademarks found statutory recognition in the Indian Penal Code, 1860 (wherein counterfeiting and falsifying a trade mark were made punishable) and the Specific Relief Act, 1877 (which provided for restraint of use of trade marks by grant of injunction).

But India borrowed the British Trademark Act, 1938 and prepared the Act on the subject as Trademark Act of 1940 and introduced for the first time a machinery for registration and statutory protection for trademarks in India. The said Act was in force until 1958, when it was replaced by the Trade and Merchandise Marks Act, 1958. The objective of the Act was to provide for registration and better protection of trademarks and for prevention of use of fraudulent marks on merchandise. In order to bring the Indian trademarks law in compliance with the country's TRIPS obligations, the new trademark regime - the Trade Marks Act, 1999 - was introduced and enacted. This Act came into force on September 15, 2003 and read the Trade Marks Rules, 2002 and many notifications presently govern the trademark law in India.<sup>7</sup>

The new law under the Trade Mark Act, 1999 brought in significant changes incorporating not only the prescribed minimum protection standards but the existing jurisprudence. It may be relevant to know and appreciate the salient changes made which are as follows:

1. Filing of a single application covering multiple classes as opposed to one class one application system follows earlier;
2. Registration of service marks – Marks relating to services were introduced for professional and service providing organisations to obtain protection of their marks;
3. New provisions for registration of collective marks;

---

<sup>7</sup><http://www.bananaip.com/ip-news-center/history-and-evolution-of-trademark/>, last accessed on 9<sup>th</sup> March 2017

4. Enlargement of definition of “trademarks” so as to include shape of goods, their packaging and combination of colours, to bring the law in conformity with the current trend worldwide;
5. Provisions for protection of well-known trademarks and tests for determination of such marks;
6. Abolition of Part A and Part B registration system and introducing a single Register of trademarks;
7. Omission of Defensive registration system under the 1958 Act;
8. Period of registration extended to ten years (from 7 years);
9. Widening of scope of infringement of registered trademarks – the new law conferred rights to take infringement action even against dissimilar goods as well subject to certain conditions;
10. Assignment of unregistered trademarks without goodwill of business permitted;
11. Registered user provision simplified and introduction of the concept of Permitted User with powers to the Registrar to decide on the registration of registered user;
12. Creation of the Intellectual Property Appellate Board to hear and decide appeals from the decisions of the Registrar;
13. Enhanced punishment for trademark offences;
14. Jurisdiction of District Court to entertain suits for infringement and passing off made same as for infringement of copyright, thus enabling a plaintiff to file the suit in the District Court within whose jurisdiction he resides or carries on business.

Harmonization with international norms and standards - For Trademark purposes it is relevant to know that India is signatory to, inter alia, the following international treaties:

- i. Paris Convention (Industrial Property) since December 1998
- ii. Trade Related Intellectual Property Rights Agreement since January 1995

iii. Nice Agreement Concerning the International Classification of Goods and Services for the purposes of the Registration of Marks, (7th Edition)

### **HISTORY OF TRADEMARK LAW IN USA<sup>8</sup>**

Although trademarks are the oldest form of intellectual property and have been protected at common law for decades, they were the last to be protected by a federal statute in the US, and infringement cases were very rare until the late 19th century.

The first trademark statute enacted shortly after the Civil War, came as a response to the rapid growth of trade that followed the period of Reconstruction and the need of manufacturers for trade identity and better protection from infringement. The first Federal Trademark law was enacted in 1870. The law was amended in 1878, and shortly thereafter it was struck down by the Supreme Court in *The Trade-Mark Cases*, 100 U.S. 82 (1879), for exceeding the powers granted by the patent and copyright clause of the Constitution. Congress responded with the Trademark Act of 1881, which was based on its Commerce Clause powers. It was therefore abolished. In its place, a trademark law was enacted on March 3, 1881 that targeted trademarks used in interstate commerce (and in the commerce with Indian tribes) based on the interstate commerce clause in the U.S. Constitution (art. 1, sec. 8, cl. 3). This law, however, was unable to accommodate the development of the American economy and underwent a major amendment in 1905. It underwent further partial revisions occasionally during subsequent years

The Post World War II, economic boom fueled an explosion of trademark activity and brought about the need to educate the public about trademark law. Upon the enactment of the Lanham Act on July 5, 1946, American trademark law came to rank equally with English or German trademark laws. The Act was named after a congressman who had devoted himself to its creation in accordance with American traditions. The Lanham Act is similar to English trademark law because it adopted use-based principles as its foundation. The Act, however, put much more emphasis on use than the English law did initially, requiring not merely an intention to use the mark, but an

---

<sup>8</sup><http://www.tabberone.com/Trademarks/TrademarkLaw/History/History.shtml>, last accessed on 9<sup>th</sup> March 2017

actual use of the mark in order for the mark to be registered. This emphasis, however, was later altered in response to changes made internationally.

### **Modern U.S.**

The Lanham Act establishes a procedure for federal registration of trademarks. If a trademark meets certain qualifications, it can be listed on the Principal Register, which affords it many benefits. Other trademarks can be listed on the Supplemental Register, which exists to allow trademarks not otherwise registrable in the United States to be registered from foreign countries that require home-country registration first, and to allow registration for descriptive marks not distinctive enough to qualify for the Principal Register.

In addition to federal registration, each of the fifty US states has its own system of trademark registration. If a trademark meets the state's qualifications, it can be listed on the state's registry of trademarks. State registration is not mandatory to receive trademark protection or to use a state's court system to enforce trademark rights. The US federal and state trademark registration systems co-exist side-by-side. It is possible for a state-registered trademark, or a common law unregistered trademark, to have rights superior to a trademark with a valid federal registration, due to an earlier date of

The Lanham Act did not expressly authorize an award of attorney's fees to prevailing parties until, in 1975, Congress amended the Act to allow for attorneys' fees in exceptional cases. That same year, the Patent Office became the Patent and Trademark Office.

After an enormous growth in Trademark counterfeiting, Congress passed the Trademark Counterfeiting Act of 1984. Remedies included new civil actions with awards of treble damages and attorneys' fees. The Trademark Clarification Act was also passed in 1984 in response to the Ninth Circuit's decision in *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.* which held that purchaser motivation in buying a product was the crucial test in determining if a trademark was generic. The new act made it clear that the question is to be determined by the primary significance of the term to the public, not purchaser motivation.

The Trademark Law Revision Act was passed in 1988 to bring U.S. Trademark Law more in line with the global market.

Another amendment in 1999 saw the introduction of the Anti-cybersquatting Consumer Protection Act. This act governs trademark infringement through domain names on the internet. The introduction of this act basically meant that those who have rights to Trademarks also have rights to the associated domain name, so nobody besides Coca Cola can register the domain name cokacola.com on the internet. This protects the Trademark of that company from misrepresentation.

### **DECEPTIVE SIMILARITY IN INDIA**

Traditionally it was held that there can be an infringement of a trademark only when there is a likelihood of confusion as to the origin of the trademark.<sup>9</sup> The object of affording protection to a mark, which has acquired a degree of distinctiveness, is to protect the goodwill of the trader, and at the same time assure the public and customers about the constancy of the nature of services or products they seek.<sup>10</sup> If there is no similarity of goods and services then the question of likelihood of confusion does not arise. It is not sufficient if one mark merely leads to a likelihood of recall of the other mark.<sup>11</sup>

Whenever two marks are identical, there is a prima facie case of infringement due to confusion. But there are situations where the marks are not identical but are nearly similar. In those cases, the plaintiff has to establish that the mark is identical enough to cause confusion in the minds of the buyer and hence would be misleading. There needs to be an element of resemblance, so strong to cause a deception in the minds of the buyers. The ultimate judge of similarity is the consumers who would be misled into distinguishing between two marks and hence failing to compare the two.

A deceptive mark can be said to be such a mark which is likely to cause confusion in the minds of the buyer. The most important deciding factor while taking “Deceptive Marks” into account is that the general public with average intelligence is confused so

---

<sup>9</sup>*Kearly's Law on Trademarks and Trade Names*, Sweet and Maxwell, 2001, p. 360.

<sup>10</sup>*Evergreen Sweet House v. Ever Green and Others* (2008) 38 PTC 325 (Del), p. 330.

<sup>11</sup>*Baywatch Production Co Inc v The Home Video Channel* (1997) FSR 22.

as to the source of the product. The most important test is to look for an overall similarity. The expression “likely to deceive” is a question largely one of first impression. It is not necessary to prove intention. It is sufficient if the Court comes to the conclusion it is likely to deceive and that conclusion must be based partly on evidence and partly upon the appeal to the eye of the judge.<sup>12</sup>

Deception can arise with regard to<sup>13</sup> :

- a) Deception as to goods
- b) Deception as to trade origin
- c) Deception as to trade connection

Thus, it can be said that a trademark serves to identify source of goods and as indicator as origin of goods. A trademark also guarantees a consumer of the consistent quality of the products upon which it is used. These principles have been enshrined in the modern definition of a trademark. Indian Act defines a “trade mark” in section 2(1)(zb) and states that a trademark means a mark:

- (a) Capable of being represented graphically;
- (b) Capable of distinguishing the goods or services of one person from those of others; and
- (c) Used or proposed to be used in relation to goods or services for the purpose of indicating or so to indicate a connection in the course of trade between the goods or services and some person having the right, whether as a proprietor or a permitted user, to use the mark.

**Deceptive similarity** has been defined "Two marks, when placed side by side, may exhibit many and various differences, yet the main idea left on the mind by both may be the same. A person acquainted with one mark, and not having the two side by side for comparison, might well be deceived, if the goods were allowed to be impressed

---

<sup>12</sup>*H.C Dixon & Sons Ltd. v. Geo Rihardson & Co. Ltd* 50 RPC 36, p 374.

<sup>13</sup>*Vikram Stores v. S.N. Perfumery Works*, 2008 AIHC 494 (Guj)

with the second mark, into a belief that he was dealing with goods which bore the same marks as that with which he was acquainted.”<sup>14</sup>

Section 2(h) of the Trade Mark Act, 1999 define Deceptively Similar as “*A mark shall be deemed to be deceptively similar to another mark if it so nearly resembles that other mark as to be likely to or cause confusion.*”

The wording of the above section is also similar to the S. 2(d) of the repealed Act of 1958. In the present Act the “Deceptively Similar” and its variants has been used in the several sections and form different grounds and criteria to be applied in the trade mark law e.g. S.11, S.16 (1) S.29, S.30, S.34, S.75, S.102; though they construe the same meaning and effect. The act does mention that what will be the “Deceptively Similar” but do not lay down any particulars to decide it.<sup>15</sup>

Over the years, through case law, the courts have developed principles and factors to be applied to determine the question of deceptive similarity between marks. The criteria for a court of law or tribunal is concerned with the following factors at the time of determining deceptive similarity and likelihood of confusion between marks in question that have evolved over the years through precedents are as follows:

- (i) The nature of the marks, whether the marks are words, labels or composite marks;
- (ii) The degree of resemblance between the marks, phonetic or visual or similarity in idea;
- (iii) The nature of goods or services in respect of which they are used as trademarks;
- (iv) The similarity in the nature, character and performance of the goods/services of the rival traders/service providers;
- (v) The class of purchasers/customers who are likely to buy the goods or avail the services, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods;

<sup>14</sup> David Kitchin, David Llewelyn, James Mellor, Richard Meade, Thomas Moody-Stuart & David Keelinf, “*Kerly’s Law of Trade Marks and Trade Names*”, 14<sup>th</sup> ed., Sweet and Maxwell, London,p.456.

<sup>15</sup><https://poseidon01.ssrn.com/delivery.php>, last accessed on 10<sup>th</sup> March 2017

(vi) The mode of purchasing in the trading channels that the goods/services traverse in the course of business or placing order for the goods;

The above factors are not exhaustive but only illustrative. It is not necessary that all the factors are considered while determining similarity of marks. Where a totality of circumstances indicate deceptive similarity of the trademarks, it may be sufficient.

Registration of a mark, which is merely reproduction, or imitation of well-known trademark should not be allowed. Section 11(2)(b)<sup>16</sup> seeks to provide that where the goods or services are not similar and the use of trademark identical with or similar to an earlier trademark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trademark, shall not be registered.<sup>17</sup> With respect to section 11 of the Act, the most important criteria are that there should be similarity with likelihood of confusion on the part of the public. This sub-section is directed specifically to cases where the proposed mark is identical with or similar to the earlier trademark, but where the goods and services are not similar. Further, the reputation of an earlier mark is an essential requisite in the context of sub-section (2), which is not called for in respect of sub-section (1).<sup>18</sup>

The provision of section 11(2) has to be construed in the broader context of the law of unfair competition. “The unauthorized use of trademark for a competing product not only constitutes undue exploitation of the trademark owner’s goodwill, but also deceives the public as to the commercial origin of the product (and hence its characteristics).<sup>19</sup> Section 11 lays down that the existence of likelihood of confusion on the part of the public, which in other words means perception of the marks in the minds of the average consumer of the type of goods or services in question, which plays a decisive role in the matter.<sup>20</sup>

In the case of *Montblanc Simplo-GMBH v New Delhi Stationery Mart*<sup>21</sup>, Delhi High Court held that since both the marks are used in respect to identical goods, this court, then needs to determine whether the defendants adoption is likely to cause confusion

---

<sup>16</sup> The Trademark Act, 1999 S. 11(2)(b)

<sup>17</sup> K.C Kailasam, RamuVedaraman *Law of Trademarks and Geographical Indications*, 1st Edition, p.170

<sup>18</sup> *Ibid.* at p. 196.

<sup>19</sup> *Ibid* at p. 199

<sup>20</sup> *SABEL v. Puma, Rudolph Dassler Sport*, [1998] R.P.C 199, para. 16 & 17

<sup>21</sup> (2008) 38 PTC 59 (Del), p. 68-69

in the minds of the public. It is not necessary to prove actual confusion or damage, it is sufficient if likelihood of confusion is established.

In the case of *SBL Ltd. v. Himalaya Drug Co.*<sup>22</sup>, the Delhi High Court quoted Halsbury's Laws of England<sup>23</sup> on establishing "likelihood of confusion of deception".

In this case, two factual elements were laid down:

a) That a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons.

b) That members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

In *Delhi Lakme ltd vs. Subhash Trading*<sup>24</sup>, plaintiff was selling cosmetic products under the registered Trade Mark "Lakme". Defendant was using the Trade Mark "LikeMe" for the same class of products. It was held that there was striking resemblance between the two words. The two words are also phonetically similar. There is every possibility of deception and confusion being caused in the mind of the prospective buyer of the plaintiff's products. Injunction was made permanent.

In *M/S Mahashian Di Hatti ltd. Vs. MR. Raj Niwas, Proprietor of MHS Masalay*<sup>25</sup>, judgment pronounced by Delhi HC in 2011 –

The plaintiff company engaged in the business of manufacturing and selling spices and condiments, which are being sold under its registered logo (comprising "MDH" within three hexagon device on red colour background) and is registered since 31st May 1991 and the plaintiff company use its logo throughout in India and also claim for throughout the world.

The plaintiff company have tremendous goodwill and reputation not only in India but worldwide in respect of the goods sold under its registered trademark. The defendant has been using the logo "MHS within hexagon device with red colour background on the carton is alleged to be similar to those being used by the plaintiff company. The

---

<sup>22</sup> AIR 1998 Del 126.

<sup>23</sup> Halsbury's Laws of England, 4th edition, Vol. 48, p. 163.

<sup>24</sup> 1996 PTC (16)567

<sup>25</sup> 2011 (46) PTC 343 (Del)

plaintiff company has accordingly sought an injunction restraining the defendant from using the infringing logo “MHS” or any other trademark identical with or deceptive similar to plaintiff’s registered trademark “MDH” logo. The plaintiff was also awarded punitive damages amounting to Rs. 1 Lakh against the defendant.

### **SUPREME COURT CASES**

#### **1. CORN PRODUCTS REFINING CO.V. SHANGRILA FOOD PRODUCTS LTD.<sup>26</sup>**

##### *Facts of the Case:*

The Respondent is manufacturer of Biscuits. It made an application for registration of mark “Gluvita”. Registrar ordered for publication before acceptance. Appellant opposed it; it’s a USA based corporation already registered trademark “Glucovita” in India.

##### *High Court Single Bench: J. Desai*

1. He agreed that the Appellant has acquired the reputation among the general mass.
2. He found the mark to be deceptively similar and hence set aside the order of the Deputy Registrar.

##### *Division Bench:*

1. Division bench differed from the point of the view that Appellant has acquired reputation among general mass. High Court’s interpretation of the word “in the trade” laid to the conclusion that Appellant has not required the reputation among the public but among traders only. So there is no chance of the confusion.
2. “Gluko” and “Vita” are commonly used prefix and suffix not only associated with the appellant.
3. Accordingly set aside the order of the Single Bench.

##### *Supreme Court:*

---

<sup>26</sup> AIR 1960 SC 142.

1. High Court took narrower view in regarding the “in the trade”. It committed an error while deciding that the word only mean among the trade. But the actual position in the instant case is that it also means the public who purchase these products. Hence, the Appellant has acquired considerable reputation among the general public.
2. Hon’ble Court took the view of the Kely and different authority and arrived at the conclusion that both the markers are deceptively similar.
3. To decide upon the similarity between both the marks Apex Court also took the test into consideration:
  - (a) Mark should be looked as a whole.
  - (b) Average Intelligence.
  - (c) Imperfect recollection.

## **2. AMRITDHARA PHARMACY V. SATYADEO GUPTA<sup>27</sup>**

In *Amritdhara v. Satya Deo*<sup>28</sup>, the Supreme Court observed that the ordinary purchaser would go more by the overall structure and phonetic similarity and the nature of medicine he has previously purchased or has been told about, or about which he has otherwise learnt and which he wants to purchase. The words “Amritdhara” were held deceptively similar through registration of “Lakshmandhara” were allowed on the basis of honest concurrent user.

### *Court on the following Ground Came to this Conclusion*

- I. The average consumer would perceive the plaintiff’s mark in its overall effect as representing the badge of origin.
- II. The average consumer normally perceived a mark as a whole and did not proceed to analyze its various details. Where the proprietor used his mark in combination with another mark in order to create a composite badge of origin, the average consumer would normally perceive the whole and not proceed to analyze its various details.

---

<sup>27</sup>AIR1963 SC 449.

<sup>28</sup>*Ibid.*

III. There was likelihood of confusion.

IV. The claim for passing off was upheld and the use of the Mark Lakshmandhara was limited to Uttar Pradesh only on basis on honest concurrent use.

In this again the test of Average Intelligence and Imperfect Recollection was again taken into consideration and was established as test to judge “Deceptive Similarity”.

#### **4. SM DYECHEM LTD. V. CADBURY (INDIA) LTD.<sup>29</sup>**

In the instant case Honorable Supreme Court emphasized on the dissimilar aspect as a test then the similar aspect as which were taken as test in the earlier case.

##### Facts of the Case:

Plaintiff started business in 1988 in four products like potato, chips, potato wafers, corn-pops. In January 1989 it started using the trade mark PIKNIK. It applied for registration on 17.2.198. Respondent was found using the mark 'PICNIC' for chocolates. The appellant filed the suit based on alleged infringement of trade mark and passing off and for temporary injunction. Trial Court held in the favor of appellant and held that the two are Deceptively Similar Mark. On appeal, High Court reversed of the trial court and held that the two marks are different in their appearance and word composition. Supreme Court held the view of the High Court and chooses to take the following grounds to decide the case.

##### Principles Laid Down:

1. Whether there was any special aspect of the common feature which had been copied.
2. Mode in which the parts were put together differently, i.e. whether dissimilarity of the part or parts was enough to make the product dissimilar.
3. Whether, when there were common elements, should not pay more regard to parts which were not common while at the same time not disregarding the common parts?

---

<sup>29</sup> (2000) 5 SCC573

#### 4. CADILA HEALTH CARE LTD V. CADILA PHARMACEUTICAL LTD.<sup>30</sup>

This case is the landmark decision which holds the ground regarding the test to decide upon what amount to “Deceptively Similar”. Supreme Court has overruled the Cadbury case in this judgment.

##### Facts of the Case:

Appellant and Respondent in the instant case took over the assets of a Cadila group with the condition that both can use the name Cadila for their corporate transaction. Whole dispute arises when the Respondent apply for the Registration of the trademark "Falcitab" as brand name for the medicine. The objection was raised by the appellant, who had already applied for the brand name "Falcigo" and permission was granted. The medicine was to be used for the treatment of cerebral malaria commonly known as 'Falcipharum'.

The appellant contended that the name used by the respondent are similar to that used by the appellant. Hence appellant applied for the interim injunction. Extra Assistant Judge, Vadodara dismissed the interim injunction application. Same was also rejected by the High Court. Against this order the Appellant moved to the Supreme Court.

##### Decision of the Supreme Court:

The Hon'ble Court analyzed the whole situation and without going into the merits of the case laid down certain principles which should be taken into consideration while deciding the “Deceptive Similarity”. The Apex Court referred the matter to the district court to be decided on the given principle.

##### Principles led down to decide upon the “Deceptively Similar”.

1. The Nature of the Mark i.e. whether the marks are word marks or label marks or composite marks that both and label works.
2. Degree of resemblances between marks phonetically similar and hence in idea.
3. The nature of goods in respect of which they used as trade mark.

---

<sup>30</sup> 4 (2001) 5 SCC 73

4. The similarity in the nature, character and performance of the goods of the rival traders.
5. The class of purchaser who are likely to buy the goods bearing the marks they require,  
on their education intelligence and a degree of care they likely to exercise in purchasing and /or using the goods.
6. The mood of purchasing the goods or placing orders of the good.
7. Any other surrounding circumstances which may be relevant in the extent of the dissimilarity between competing marks.

**5. MAHENDRA AND MAHENDRA PAPER MILLS LTD. V. MAHINDRA AND MAHINDRA LTD.<sup>31</sup>**

The issue which came before the Supreme Court decided upon was whether the “Mahendra and Mahendra” and “Mahindra and Mahindra” are deceptively similar or not.

Mahindra and Mahindra, respondent is a company under the Company Act, 1956. The Mahindra and Mahindra is not a single company but represent the different company under its head. It has acquired the considerable goodwill, reputation and has large amount of turnover.

The appellant contended that it's not violating any of the law as it is using it honestly. They also contended that they are better known as “Mahendrabhai” in corporate sector; also they paid the income tax in its name and have reputation regarding in separate sector of business. They only came to known as “Mahendra and Mahendra” after they started the firm with his brother.

The respondent has also drawn notice regarding it to the SEBI and other regarding authority. The plaint and appeal both was rejected by the District Court and Bombay High Court respectively. Supreme Court relying upon the criteria given in Cadila

---

<sup>31</sup>AIR 2002 SC 117

Case came to conclusion that both the marks are Deceptively Similar and refused to interfere with the decision of the Bombay High Court.

#### **6. SCHERING CORPORATION AND ORS. V. GETWELL LIFE SCIENCES INDIA PVT. LTD.<sup>32</sup>**

In the instant case, Plaintiff filed an application restraining defendant from using the mark “Temoget” in respect of pharmaceuticals products Temozolomide on the ground that the mark “Temoget” is deceptively similar to Plaintiff registered trademarks “Temodal”/ “Temodar” to the plaintiff in respect of same pharmaceutical product used to cure the Brian Cancer.

##### Supreme Court held that

1. The mark “Temodal /Temodar and Temoget” are not phonetically and in idea similar.
2. These marks are Portmanteaus and can be used for the trademark.
3. The price range of both the products are different; also the product is only given to the practitioner who are highly qualified and well known about the product in present era. Hence there is no chance of the confusion.

Supreme Court in light of the open market and globalization took the view that Public Interest is paramount and stated:

*“.....if a mark in respect of a drug is associated has acquired worldwide reputation it would lead to an anomalous situation if an identical mark in respect of a similar drug is allowed to be sold in India. However one note of caution must be expressed. Multinational corporations, who have no intention of coming to India or introducing their product in India should not be allowed to throttle an Indian Company by not permitting it to sell a product in India, if the Indian Company has genuinely adopted the mark and developed the product and is first in the market. Thus the ultimate test should be who is first in the market.”*

---

<sup>32</sup> 2008(37) PTC487(Del)

## **DECEPTIVE SIMILARITY IN USA**

If a party owns the rights to a particular trademark, that party can sue subsequent parties for trademark infringement.

As per US Trademark Act of 1946, Title VI- Remedies

### **§ 32 (15 U.S.C. § 1114). Remedies; infringement; innocent infringers**

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy or colorably imitate a registered mark and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

As used in this paragraph, the term “any person” includes the United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, or other persons acting for the United States and with the authorization and consent of the United States, and any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the

authorization and consent of the United States, and any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity

In the case of *Polaroid Corp. v. Polarad Elect. Corp.*<sup>33</sup>, it was held to judge the deceptive similarity, the standard is "likelihood of confusion." To be more specific, the use of a trademark in connection with the sale of a good constitutes infringement if it is likely to cause consumer confusion as to the source of those goods or as to the sponsorship or approval of such goods. In deciding whether consumers are likely to be confused, the courts will typically look to a number of factors, including:

- (1) the strength of the mark;
- (2) the proximity of the goods;
- (3) the similarity of the marks;
- (4) evidence of actual confusion;
- (5) the similarity of marketing channels used;
- (6) the degree of caution exercised by the typical purchaser;
- (7) the defendant's intent.

So, for example, the use of an identical mark on the same product would clearly constitute infringement. If I manufacture and sell computers using the mark "Apple," my use of that mark will likely cause confusion among consumers, since they may be misled into thinking that the computers are made by Apple Computer, Inc. Using a very similar mark on the same product may also give rise to a claim of infringement, if the marks are close enough in sound, appearance, or meaning so as to cause confusion. So, for example, "Applet" computers may be off-limits; perhaps also "Apricot." On the other end of the spectrum, using the same term on a completely unrelated product will not likely give rise to an infringement claim. Thus, [Apple Computer](#) and Apple Records can peacefully co-exist, since consumers are not likely to think that the computers are being made by the record company, or vice versa.

Between the two ends of the spectrum lie many close cases, in which the courts will apply the factors listed above. So, for example, where the marks are similar and the

---

<sup>33</sup>287 F.2d 492 (2d Cir. 1961)

products are also similar, it will be difficult to determine whether consumer confusion is likely.

In the case of *AMF Inc. v. Sleekcraft Boats*<sup>34</sup>, the owners of the mark "Slickcraft" used the mark in connection with the sale of boats used for general family recreation. They brought an infringement action against a company that used the mark "Sleekcraft" in connection with the sale of high-speed performance boats. Because the two types of boats served substantially different markets, the court concluded that the products were related but not identical. However, after examining many of the factors listed above, the court concluded that the use of Sleekcraft was likely to cause confusion among consumers.

### TRADEMARK DILUTION

In the United States, the owner of a famous and distinctive mark has a cause of action for dilution. This applies to

A. Dilution by blurring

B. Dilution by tarnishment.

However, a mark must be used in the United States to qualify as a famous mark (i.e., a mark "widely recognized by the general consuming public of the United States"). In the EU, the trademark need not be "famous" but it must be known by a significant part of the public concerned with respect to the products or services covered by the mark.

In addition to bringing an action for infringement, owners of trademarks can also bring an action for trademark dilution under either federal or state law. Under federal law, a dilution claim can be brought only if the mark is "famous." In deciding whether a mark is famous, the courts will look to the following factors as per 15 U.S. Code § 1125 (c) :

(1) the degree of inherent or acquired distinctiveness;

(2) the duration and extent of use;

---

<sup>34</sup> 599 F.2d 341 (9th Cir. 1979)

- (3) the amount of advertising and publicity;
- (4) the geographic extent of the market;
- (5) the channels of trade;
- (6) the degree of recognition in trading areas;
- (7) any use of similar marks by third parties;
- (8) whether the mark is registered.

Kodak, Exxon, and Xerox are all examples of famous marks. Under state law, a mark need not be famous in order to give rise to a dilution claim.

In the case of *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*,<sup>35</sup> it was held that dilution is available if:

- (1) the mark has "selling power" or, in other words, a distinctive quality; and
- (2) the two marks are substantially similar. .

Once the pre-requisites for a dilution claim are satisfied, the owner of a mark can bring an action against any use of that mark that dilutes the distinctive quality of that mark, either through "blurring" or "tarnishment" of that mark; unlike an infringement claim, likelihood of confusion is not necessary. Blurring occurs when the power of the mark is weakened through its identification with dissimilar goods. For example, Kodak brand bicycles or Xerox brand cigarettes.

Although neither example is likely to cause confusion among consumers, each dilutes the distinctive quality of the mark. Tarnishment occurs when the mark is cast in an unflattering light, typically through its association with inferior or unseemly products or services.

---

<sup>35</sup> 875 F.2d 1026 (2d Cir. 1989)

### DEFENCES AGAINST DECEPTION AND DILUTION

Defendants in a trademark infringement or dilution claim can assert basically two types of affirmative defense: fair use or parody.

Fair use occurs when a descriptive mark is used in good faith for its primary, rather than secondary, meaning, and no consumer confusion is likely to result. So, for example, a cereal manufacturer may be able to describe its cereal as consisting of "all bran," without infringing upon Kelloggs' rights in the mark "All Bran." Such a use is purely descriptive, and does not invoke the secondary meaning of the mark. Similarly, in one case, a court held that the defendant's use of "fish fry" to describe a batter coating for fish was fair use and did not infringe upon the plaintiff's mark "Fish-Fri." (*Zatarain's, Inc. v. Oak Grove Smokehouse, Inc.*,<sup>36</sup>). Such uses are privileged because they use the terms only in their purely descriptive sense.

Some courts have recognized a somewhat different, but closely-related, fair-use defense, called nominative use. Nominative use occurs when use of a term is necessary for purposes of identifying another producer's product, not the user's own product.

For example, in the case of the newspaper USA Today ran a telephone poll, asking its readers to vote for their favorite member of the music group New Kids on the Block. The New Kids on the Block sued USA Today for trademark infringement. The court held that the use of the trademark "New Kids on the Block" was a privileged nominative use because:

(1) the group was not readily identifiable without using the mark;

---

<sup>36</sup> 698 F.2d 786 (5th Cir. 1983)

(2) USA Today used only so much of the mark as reasonably necessary to identify it; and

(3) there was no suggestion of endorsement or sponsorship by the group. The basic idea

is that use of a trademark is sometimes necessary to identify and talk about another party's products and services. When the above conditions are met, such a use will be privileged. (*New Kids on the Block v. News America Publishing, Inc.*,<sup>37</sup>)

Finally, certain parodies of trademarks may be permissible if they are not too directly tied to commercial use. The basic idea here is that artistic and editorial parodies of trademarks serve a valuable critical function, and that this critical function is entitled to some degree of First Amendment protection. The courts have adopted different ways of incorporating such First Amendment interests into the analysis. For example, some courts have applied the general "likelihood of confusion" analysis, using the First Amendment as a factor in the analysis. Other courts have expressly balanced First Amendment considerations against the degree of likely confusion. Still other courts have held that the First Amendment effectively trumps trademark law, under certain circumstances. In general, however, the courts appear to be more sympathetic to the extent that parodies are less commercial, and less sympathetic to the extent that parodies involve commercial use of the mark.

Successful plaintiffs are entitled to a wide range of remedies under federal law. Such plaintiffs are routinely awarded injunctions against further infringing or diluting use of the trademark. In trademark infringement suits, monetary relief may also be available, including:

- (1) defendant's profits,
- (2) damages sustained by the plaintiff, and
- (3) the costs of the action.

Damages may be trebled upon showing of bad faith. In trademark dilution suits, however, damages are available only if the defendant willfully traded on the plaintiff's

---

<sup>37</sup> 971 F.2d 302 (9th Cir. 1992)

goodwill in using the mark. Otherwise, plaintiffs in a dilution action are limited to injunctive relief.

## **CONCLUSION**

On the basis of understanding both the Indian and US Trademark law on deceptive similarity, it would be right to conclude that they both are similar in a broader sense. In fact the trademark law of US and India are similar on many issues and follow the same principles. Indian trademark law, like U.S. trademark law is based on a “first to use” system. Although the principle was codified for the first time in the Trade Marks Act 1999, a number of earlier judicial decisions gave the term “first to use” a wide interpretation. Unlike in the United States, first use anywhere in the world accompanied by a trans-border reputation of the mark in India is the determinant for ownership of trademark rights in India.

This trans-border reputation can be established through the mere availability in India of literature or advertising materials featuring the mark in question, which need not even be directed to Indian customers. Thus, the appearance of advertisements in in-flight magazines on flights bound for India has been considered sufficient evidence to demonstrate a “reputation.” Even the existence of materials that are dedicated to products that are banned in India—and therefore clearly not directed toward the Indian public—has been considered sufficient for these purposes.

However, it is clear that U.S. Trademark law is more descriptive and has more clarity in their law so as to judge the cases of deceptive similarity in comparison to India, where the law is not that verbal on how exactly to judge deceptive similarity and the norms to be followed. The Supreme Court of India which is regarded as the custodian of our rights has always played a very active role in safeguarding the rights of the people and the interest of the business organization which are an intricate part of the growth of the Indian economy. It has gone beyond the literal meaning of the laws to deliver justice. Since the courts were facing difficulty in deciding a case on the basis

of a passing off action due lack of concrete guidelines. Still it has developed the guidelines to curb it. Still there are many practical problems which need to be tackled. So it's important that legislature should take steps to make registration of trademarks compulsory. Registration confers upon the registered proprietor of a trade mark, exclusive and absolute rights. By this step, both the interest of the trader is protected and at the same time the difficulties faced by the Court is also covered.

### **REFERENCES:**

#### BOOKS -

1. Anita Rao and V.Bhanoji Rao, *Intellectual Property-A Primer*(1st edition, Eastern Book Company), p.1
2. Sweet and Maxwell, *Kearly's Law on Trademarks and Trade Names*, 2001, p. 360.
3. Halsbury's Laws of England, 4 th edition, Vol. 48, p.163.
4. K.C Kailasam, RamuVedaraman, *Law of Trademarks and Geographical Indications*,  
1st Edition, p.170
5. M.K. Bhandari, *Law Relating to Intellectual Property Rights*, (Fourth Edition 2015, Central Law Publications, p.216

#### WEBSITES -

1. <http://www.businessgyan.com/content/view/623/220/>, last accessed on 8<sup>th</sup> March 2017.
2. <http://www-scf.usc.edu/~silehsu/hwork3.html>, last accessed on 8<sup>th</sup> March 2017.
3. [https://www.iip.or.jp/e/e\\_publication/ono/ch2.pdf](https://www.iip.or.jp/e/e_publication/ono/ch2.pdf), last accessed on 9<sup>th</sup> March 2017.
4. <http://www.bananaip.com/ip-news-center/history-and-evolution-of-trademark/>, last accessed on 9<sup>th</sup> March 2017.
5. <http://www.tabberone.com/Trademarks/TrademarkLaw/History/History.shtml>, last accessed on 9<sup>th</sup> March 2017.
6. <https://poseidon01.ssrn.com/delivery.php>, last accessed on 10<sup>th</sup> March 2017.