

## Interfaces and Synergies between Intellectual Property Rights and Consumer Protection Law in India: An Analysis

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*Received 25 March 2015; accepted 24 June 2015*

Globalization has made the world smaller by integrating the global markets. It has given consumers a greater choice of products and brands with lower costs. However, this has also exposed them to various unfair practices adopted by the producers. It is generally recognized that a strong intellectual property right (IPR) regime is a critical precondition for enhancing and stimulating economic growth in the country. It facilitates greater investment into research and development as well as provides means to improve the quality of life of people of the country. IPR not only protects the innovative and creative capacity of competitors and owners of IP rights that supply goods and services, but it also concerns itself with the interests of the consumers of those goods and services, directly or indirectly. The existence of such rights is necessary for overall development of society. The areas of intellectual property that are most relevant for consumer protection are Trade Marks, Geographical Indications and Protection against unfair competition. These IP rights help the consumers in buying quality products and protect them from use of substandard products which may cause health and safety hazards. Thus, the proper operation of IP rights and their enforcement is very important for consumers. Further, it is the core of the IP system that people of the country must be protected from unfair competition, that is, from any act of dishonest practice in trade and business.

Protection against unfair competition has been recognized as one of the main objectives of intellectual property system, which prohibits any act of competition that is contrary to honest practices in industrial or commercial matters, referred to as "unfair competition". The acts of unfair competition not only adversely affect the competitors, which tend to lose their customers and market share; but also affect consumers as they are likely to be misinformed and misled and tend to suffer economic and personal prejudice. Whatever form unfair competition may take, it is in the interest of the honest and legitimate entrepreneur, the consumer and the public at large that they should be prevented (protected) from it as early and as effectively as possible. Free and fair competition between enterprises is considered to be the best means of satisfying supply and demand in the economy as well as of serving the interests of consumers and economy as a whole. This stimulates innovation and productivity and leads to the optimum allocation of resources in the economy; reduces costs and improves quality; as well as accelerates economic growth and development. The paper attempts to undertake a review of the above interfaces between IPR and Consumer Protection regime in India.

**Keywords:** Consumer protection regime, fair competition, trademarks, consumer rights, unfair trade practices, infringement, Geographical Indications

A critical precondition for enhancing and stimulating economic growth in the country is a strong intellectual property right regime. It facilitates greater investment into the research and development as well as provides means to improve the quality of life of people of the country. IPR not only protects the innovative and creative capacity of competitors and owners of IP rights that supply goods and services, but it also concerns itself with the interests of the consumers of those goods and services, directly or indirectly. Existence of such rights is necessary for the overall development of society.

The major area of legislation is to curb the unfair trade practices by enterprises, to protect the gullible consumers from unscrupulous marketers. To keep checks on the untruthful advertisements, deceptive packaging and marketing of unsafe goods, regulations have been formulated. Proper operation of IP rights and their enforcement is very important for consumers. It is the core function of IP system that people of the country must be protected from unfair competition and dishonest practices.

### **Trademark and Consumers**

A trademark essentially serves as a link between the consumer and the manufacturer. It enables the consumer to get closer with the manufacturer.

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Consumers, today, demand safety and a continuous assurance of quality. In a way, trademark is a specified set of promises from the manufacturer to the consumer. So, a consumer can claim damages if his reasonable expectations are not fulfilled. Further, since the use of trademark enables the manufacturer to distinguish his product from that of the others, the consumer becomes fully aware of the advantages of using that particular product.<sup>1</sup>

Consumers often make their purchasing choices on the basis of recognizable trademarks or service marks. So, the main thrust of Trade Mark Act is to ensure that trademarks don't overlap in a manner that causes consumers to become confused about the source of a product. As per the Indian Trade Mark Act 1999,<sup>2</sup> a trademark shall not be registered if it is of a nature so as to deceive the public, create confusion, is identical with or similar to an earlier trademark, or comprises or contains scandalous or obscene matter, etc.

Trademark symbolizes the value or goodwill associated with the goods and which can be assessed by the extent to its perception in the public mind with regards to its quality and specific source. The goodwill associated with a trademark can be among a company's greatest intellectual property assets. Protecting one's trademarks by using them properly, promoting them, and monitoring one's rights by challenging infringers, is essential in maximizing their value. In India, protection of goodwill is maintained through action of passing off for both registered and unregistered trademarks. It is a common law remedy when wrongful utilization of reputation and goodwill of another is prevented as it is seen as deception against public with an attempt to pass off its goods.<sup>3</sup>

Trademark rights are infringed when one party uses a mark of another party and that is likely to cause confusion in the minds of consumers as to which party is the source of the original goods or services, he/she wants to purchase.<sup>4</sup> In determining whether two marks are "confusingly similar," courts look at the overall commercial impression made by the two marks from the standpoint of a reasonable customer.<sup>5</sup>

Disposing the appeal and remanding the case to the trial court, *Cadilla Healthcare for 'Falcigo' v Cadilla Pharmaceuticals for 'Falcitab'*, an anti-malarial drug, the honorable Supreme Court set out the following general factors for deciding of deceptive similarity in an action for passing off on the basis of unregistered trademark:

- The nature of the marks –word marks/ label marks/ word and label marks;
- The degree of resemblance between the marks, both phonetically and in ideas;
- The nature of the goods in respect of which they are used as trademarks;
- Similarity in the nature, character and performance of the goods of the rival traders;
- The class of purchasers who are likely to buy the goods bearing the marks, their education, intelligence and the degree of care they are likely to exercise in purchasing and/or using the goods;
- The mode of purchasing the goods or placing orders for the goods; and
- Any other extraneous circumstances which may be relevant in the extent of dissimilarity between the competing marks.

The Patent & Trademark Office owns no responsibility with regard to the misuse of trademarks by unauthorized parties. The owner of a registered mark has to be watchful to find out infringement, file a suit and enforce his rights. Once the owner determines that another party is infringing, a simple 'cease and desist' letter from the trademark authority is sufficient to end the infringement.

Further the registered user can sue the infringer in Indian Court, which is potentially a costly proposition. The owner needs to access the commercial value of the mark and the possible economic loss that would result from the dilution of the mark's distinctiveness caused by the infringer. It is important to note that an infringer will be less likely to succeed in infringing an arbitrary or fanciful mark because of its inherent distinctiveness. Conversely, descriptive marks are much easier to successfully infringe because of their inherent weakness in distinguishing the products or services they denote.

### **Trademark Approaches for the Protection of Consumer Rights**

The financial approach of the trademark protection is to protect the interests of the consumer. It helps the consumer to locate and identify the product with little research. Protection of trademark facilitate consumers from being deceived by the counterfeiting marks selling low quality products, at the same time trademark protection aims at ensuring interest of trademark owner by rewarding him for investment and creates a goodwill for his product.

The quality of a product is identified by a consumer through the brand name associated with it. The quality experienced by the consumer, called as 'felt quality' leads him to the same brand and its particular product with expectation of experiencing the same 'expected quality'.<sup>7</sup> It endeavors to ensure the consistency in quality of the product and retains the patronage of the loyal customers.

Advertisement and publicizing a particular brand serves the function of providing information about the nature, origin and quality of a product. Informative, persuasive and comparative advertisements create a lasting impression in the minds of the consumers helping and guiding them.

The registration of a trademark bestows upon the owner the exclusive right to use that mark.<sup>8</sup> Thus; it is the owner's responsibility through advertisement and publicity to educate the consumers on the unique features of his product as against products of other manufacturers leading to a high level of consumer awareness of the goods and its manufacturer. Now, lots of alternatives are available for almost every product. So, the manufacturer or the owner of trademark has to come up to the expectations of the consumers to make his trademark acceptable to them.

### **Trademark and Unfair Competition**

The aim of Trade Mark Law is not to hinder, rather promote fair competition in markets for products desirable by the customer. Any act of competition that is contrary to honest practices in industry or commerce is known as unfair competition.<sup>9</sup> In other words, unfair trade practice means a trade practice, which, for the purpose of promoting any sale, use or supply of any goods or services, adopts unfair method, or unfair or deceptive practice. To be precise, competition becomes unfair when its effects on trade, consumers, and society as a whole are more detrimental than beneficial. Art. 10 *bis* of the Paris Convention for Protection of Industrial Property recognize and uphold general principles of law that encourage honest business practices, discourage undesirable market behaviours, ensure fairness in competition and thereby, supplement the protection of all intellectual property.

#### **The Law of Unfair Competition Serves Five Purposes<sup>10</sup>**

First, the law seeks to protect the economic, intellectual, and creative investments made by businesses in distinguishing themselves and their products.

Second, the law seeks to preserve the goodwill that businesses have established with consumers.

Third, the law seeks to deter businesses from appropriating the good will of their competitors.

Fourth, the law seeks to promote clarity and stability by encouraging consumers to rely on a merchant's goodwill and reputation when evaluating the quality of rival products.

Fifth, the law seeks to increase competition by providing businesses with incentives to offer better goods and services than others in the same field.

The law of unfair competition claims its origin from principles of equity and torts, law of unfair competition has been recognized as a necessary tool for protecting the goodwill of an enterprise and preventing competitors from misusing such goodwill.

### **Trademark *vis-à-vis* Unfair Trade Practices**

Trademark Law is perhaps the oldest of the intellectual property laws which is solely based upon a merchant's right to identify its goods and services with a unique name, logo or symbol that alerts the public to the fact that the good or service comes from a particular source. At its core, Trademark Law is designed to protect consumers against confusion as to the source of goods or services and to protect a merchant's investment in trademarks that have earned goodwill and to prevent others from using or creating deceptively similar marks or names for goods or services that compete directly with the merchant.

Economic competition is based on the premise that consumers can distinguish between products offered in the marketplace. Competition is made difficult when rival products become indistinguishable or interchangeable. Part of a business's identity is the goodwill it has established with consumers, while part of a product's identity is the reputation it has earned for quality and value. As a result, businesses spend tremendous amounts of resources to identify their goods, distinguish their services, and cultivate good will.

Trademarks consist of words, symbols, emblems, and other devices that are affixed to goods for the purpose of signifying their authenticity to the public. When competitors share deceptively similar trade names, trademarks, service marks, or trade dress, a cause of action for infringement may exist. The law of unfair competition forbids competitors from confusing consumers through the use of identifying trade devices that are indistinguishable or difficult to

distinguish. Actual confusion need not be demonstrated to establish a claim for infringement, so long as there is likelihood that consumers will be confused by similar identifying trade devices.

### Related Provisions

Section 11 (2) of the Trade Marks Act, 1999 states, "A trademark which –

- (a) is identical with or similar to an earlier trademark, and
- (b) is to be registered for goods or services which are not similar to those for which the earlier trademark is registered in the name of a different proprietor

–shall not be registered if or to the extent the earlier trademark is a well-known trademark in India and use of the later mark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trademark".

The protection that has been provided in the Trademarks Act, 1999, is for the registered trademark. The Trademarks Act also applies in reference to well known unregistered marks. This gives the proprietor a statutory alternative to the common law action of passing off. The provision in Section 11(2) is to be construed in the broader context of the law of unfair competition, i.e. 'the unauthorized use of a trade mark for a competitive 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>11</sup> It can therefore be argued that trademark law is a specific part of the larger field of unfair competition law and that the enforcement of trademark protection serves to prevent acts of unfair competition law and that the enforcement of trademark protection serves to prevent acts of unfair competition, in particular passing off and dilution of distinctive quality or advertising value.

### Passing Off: As a Common Law Remedy for Trademark Infringement

In India, protection of goodwill is maintained through action of passing off for both registered and unregistered trademarks. It is a common law remedy when wrongful utilization of reputation and goodwill of another is prevented as it is seen as deception against public with an attempt to pass off his goods.<sup>12</sup>

Considering the formulation given in *Warnik v Townend*<sup>13</sup> and the criteria set out by Supreme Court

in *Cadilla Healthcare Ltd v Cadilla Pharma Ltd*<sup>14</sup> - the passing off depends upon the principle that nobody has the right to represent his goods as the goods of somebody else. The modern tort of passing off lays down the main elements that is it should be a misrepresentation in the course of trade to prospective customers or ultimate costumers of goods or service supplied by him which is calculated to injure the business or goodwill of another trader which causes actual damage to the goodwill or business of the trader by whom the action is bought or will probably do so. The Supreme Court of India has defined passing-off in *Cadila Case* as the species of unfair trade competition or of actionable unfair trading by which one person, through deception, attempts to obtain an economic benefit of the reputation, which the other has established for himself in a particular trade or business. "Passing-off" has not been defined in the Trade Marks Act, 1999, but the expression has been used under certain provisions of the Act.

For the success of a claim against passing-off, the plaintiff has to pass the classical trinity test. This test was first used in *Perry v Truefitt*<sup>15</sup> and was later upheld in the landmark case of *Reckitt & Colman Products Ltd. v Bordan Incorporation*.<sup>16</sup> The test requires the plaintiff to prove the presence of the following three elements in the act of the defendant: (i) that the plaintiff had acquired a reputation or goodwill in his goods, name or mark, (ii) there was a misrepresentation, whether intentional or unintentional, which was done by the defendants by the use of mark of the plaintiff or by any other means (which includes use of similar marks) and which led the purchasers/consumers to believe that the goods and services which were being offered by the defendants are goods and services of the plaintiff or were associated with the plaintiff's goods and services , (iii) that the plaintiff has already suffered damage or is likely to suffer damage due to such misrepresentation. The Apex Court of India has also upheld this test and has applied it in the case of *Laxmikant V Patel v Chetanbhat Shah*.<sup>17</sup>

Thus, the result is that though a trademark is not registered under the Trade Marks Act, it is well-protected if it is against unfair trade practices. It is unfair to use other's trademark so as to cause confusion to the public and derive profit at the cost of others. This common law principle is recognized in India though the Trade Marks Act does not directly define the law of passing off (Repetition). The

touchstone of trademark infringement is the likelihood of confusion. However, in some cases the likelihood of confusion is not present, but there is still damage done to a recognized mark by a second seller's unfair use of it. Availability of infringement action is subject to violation of specific property right acquired under and recognized by the statute. In contrast with passing off action, plaintiff's right exist independent of such statutory right and condemns the defendants' conduct which is intended to calculated to deceive.<sup>18</sup> Existence of passing off was recognized in the Trademarks Act, 1940 wherein the registration system was introduced in Trade and Merchandise Marks Act of 1958 and under the present Act, where it is specifically reserved in Section 27(2). Considerable amount of case laws have developed this law and three principles of tort have been interrelated. Cadilla Healthcare has subsequently emerged as the reference point for describing the requirements of passing off action.<sup>19</sup> Thus, it was obvious that despite existence of a statutory regime for registered trademarks, passing off has remained an independent cause of action to prevent only those marketplace representations that are injurious to trade's goodwill.<sup>20</sup> These cumulative criteria have traditionally served to limit the operation of passing off, although doctrinal innovations have expanded its scope more recently.

One of the essential ingredients for passing off is damage or harm, and this has traditionally been identified as a loss of sales resulting from a successful misrepresentation. In the paradigm case, Customers get misrepresented with respect to the goods that come to them. They intend to buy producer A's product but indeed end up getting producer B's product, leading to a loss of sales for Producer A. This loss is difficult to establish in two situations where a misrepresentation may nevertheless exist. The first of these is where the plaintiff and defendant operate in different product markets but the requirement is that the disputants share a "common field of activity",<sup>21</sup> and the second is where they operate in different geographical markets has eroded across common law jurisdictions, and passing off can be successfully established even in situations where non-competing goods or services are at issue.

Thus, the proprietor of the trademark CALTEX on petroleum products could proceed successfully against a defendant misleadingly using CALTEX on watches.<sup>22</sup> The real question in each case is whether,

as a result of misrepresentation, there is a real likelihood of confusion of the public and consequent damage to the plaintiff.<sup>23</sup> The focus shifts from comparing the commercial activities of parties under a formalistic rubric to estimating the state of mind of the relevant public in deciding whether or not it will be confused.<sup>24</sup> However, it is the issue of disparate geographical markets that has proved more challenging. If a party has no official commercial establishment in India, how does it satisfy the goodwill requirement and what is the relevant injury or harm? Indian courts have responded with the doctrine of trans-border reputation<sup>25</sup>, thus paving the way for an increased acceptance of dilutionary harm.

While canvassing the diversity of responses across the common law world on this topic, Christopher Wadlow observes that the "problem of the foreign claimant whose goods or business may be known in a particular jurisdiction although he has no business there is one of the most intractable in the law of passing off."<sup>26</sup> The problem sets up along the following lines. Passing off protects the invasion of a property interest by misrepresentation. As opposed to the mark itself, it is the "property in the business or goodwill likely to be injured by the misrepresentation"<sup>27</sup> that is protected.

In turn, goodwill is the umbrella term for "the attractive force which brings in custom."<sup>28</sup> It is well-established that goodwill is territorial in nature. Therefore, the test for whether a foreign claimant may proceed in England in a passing off action necessitates an investigation of whether his business has goodwill in England. The leading English Authority on this issue is the *Budweiser* decision of the Court of Appeal.<sup>29</sup> Despite the "spillover" effect of advertising from the United States, the American beer was restricted to military and diplomatic establishments and was not available to the British public at the date of entry of defendants' beer into the British market. The necessary goodwill, as opposed to mere reputation, therefore did not exist since the plaintiff had no British customers at the relevant time. Thus, the present position is that the claimant must have goodwill in England. This is a narrower criterion than mere reputation but a broader proposition than the "place of business in England" requirement, since it potentially recognizes the presence of customers despite the absence of a place of business. It is generally acknowledged that Indian courts are willing to go further than this position where the claimant has

established a trans-border or “spillover” reputation that exists in India. On several occasions, Indian courts have declined to follow Budweiser and have preferred what is described as a “middle course” between the more rigid English position and the more liberal approach in other common law jurisdictions.

We feel that we must follow a middle course. We must readily support decisions which seek to promote commercial morality and discourage unethical trade practices resulting in a situation where Indian purchasers start presuming franchise like connections between foreign products and Indian products, which either cause confusion or which appear to be deceptively similar. Indian courts have consistently and rigidly disapproved the attempts by Indian trade and industry to bask in the warmth of, and make illicit profit from, a reputation not earned legitimately by their own effort but built by others elsewhere, by the shortcut of trickery and passing off, and thus protected not only private rights but commercial morality. This approach is essential to protect the interests of Indian users. But this approach must be confined to the same or similar products or at the most closely related products and services. This approach cannot be extended to totally different kinds of products. In this latter area in order to protect national economic interest rigidity appears to be essential.

### **Trademark Dilution**

Another main area of unfair competition in trademark infringement is trademark dilution, which can happen either by blurring or tarnishment. Blurring of trademark occurs when the trademark is used with a number of goods and service not controlled by original owner, by which it loses its distinctiveness in the market. Tarnishment occurs when the other party attaches the trademark with an activity that brings disrepute to the trademark. For example, using a cold drink trademark for a “playboy” magazine. However, in India, the concept of dilution, despite being enacted under in the Indian legislation<sup>30</sup> has been a nascent concept due to its complimentary existence with the passing off, a common law remedy.

Dilution—broadly understood as harm to a trademark by lessening its ability to distinguish goods or services in the market—is a radical and controversial departure from consumer confusion, the traditional litmus test of trademark infringement in India. Dilution focuses on the appealing power of the

trade mark itself, turning the trademark into ‘an absolute, exclusive property right, which is protectable as a value in itself.’<sup>31</sup> Emotional information, not rational informational is thereby protected. This is completely at odds with the identification and guarantee function of trademarks, from which the common law has never swerved. No part of trademark law has created so much doctrinal puzzlement and judicial incomprehension as the concept of “dilution” as a form of intrusion on a trademark. Even the U.S. Supreme Court has failed to grasp the contours of the doctrine.

The scope of protection has also previously depended upon the notion of specificity, where it was limited to the goods and services mentioned in the registration specification,<sup>32</sup> whereas dilution extends this protection to dissimilar goods. An approach to interpret the statutory criteria for dilution that could facilitate an incremental and principled development of the law. It considers the importance of the threshold inquiry related to dissimilar goods or services and the fame requirement, in order to identify those marks that will qualify for such enhanced protection. It concludes with an analytical unpacking of blurring, to underline the differences between this concept in Indian passing off decisions and its narrower statutory form. Blurring is selected as illustrative of the more precisely defined statutory criteria although it is the synonym for only the first of three independent grounds in Section 29(4), namely detriment to distinctive character, detriment to repute (tarnishment), and taking unfair advantage (misappropriation).<sup>33</sup> The principal aim here is to emphasize that dilution under passing off is a different entity from the requirements under the Act of 1999. It is submitted that a combination of registered trademark system and the tort of passing off protects the valuable commercial designations of India, as due to their entwined actions, they complement each other.<sup>34</sup>

### **Advertising Value and Unfair Trade Practises**

Trade Marks Act, 1999 has incorporated the provisions related to this concept in Sections 29(8) and 30(1). According to the statute it is permissible, with certain limitations as to unfair trade practices. ‘Unfair trade practice’ has been defined u/s 36A of Monopolies and Restrictive Trade Practices, 1969 that stands repealed now. Another statute Consumer Protection Act, 1986 provides protection against

unfair trade practice but in the cases of 'comparative advertising' the parties are firms (whose products are endorsed by the advertisements), which would not come in the ambit of 'consumers' to approach the consumer forum. Nevertheless, judicial pronouncements are playing an important role to determine the extent of comparative advertising.

Trademark Act, 1999 permits comparative advertising u/s 30 (1). But with certain limitations which are provided u/s 29(8) which reads as: A registered trademark is infringed by any advertising of that trademark if such advertising:-

- a) takes unfair advantage and is contrary to honest practices in industrial or commercial matters;
- b) is detrimental to its distinctive character;
- c) is against the reputation of the trademark.

In *Reckitt & Colman of India Ltd. v Kiwi T.T.K. Ltd.*<sup>35</sup>, it was held that a manufacturer is entitled to make a statement that his goods are the best and also make some statements for puffing of his goods and the same will not give a cause of action to other traders or manufacturers of similar goods to institute proceedings as there is no disparagement or defamation to the goods of the manufacturer so doing. However, a manufacturer is not entitled to say that his competitor's goods are bad so as to puff and promote his goods.

Whereas, now the position of law in India in respect of disparaging advertisements of rival products is well settled. Although, a tradesman is entitled to make an untrue declaration that his goods are the best, better than his competitors, and for that purpose can even compare the advantages of his goods over the goods of the others; he cannot say that his competitors' goods are bad. Further, such use generally/specifically of a proprietor's product for a comparison with the rival product of another proprietor violates the first proprietor's intellectual property rights. But if a competitor makes the consumer aware of his mistaken impression, the Plaintiff cannot be heard to complain of such action.

Thus, a trademark is part of the commercial equipment of a business and it is a singularly effective weapon in the competitive struggle. However, it is only that segment of the law of trademarks which refers to the discord between competitors that is part of the law of unfair competition. As in *Hanover Star Milling*<sup>36</sup>, US Supreme Court suggested that historically in the United States trademark protection has existed as an important aspect of a larger body of

law, namely, unfair competition law. It is unfair to pass your goods as those of another producer using a trademark confusingly similar to that of the other producer. The principle is a part of common law and recognizes fair and healthy competition among producers. However unfair competition law extends more broadly than trademark infringement.

### **Geographical Indications and Consumer Rights**

A Geographical Indication (GI) is a sign used on goods that have a specific geographical origin and possess qualities, reputation or characteristics that are essentially attributable to that origin. The Geographical Indication of Goods (Registration and Protection) Act, 1999 is the main Act which has been enacted to provide for the registration and better protection of geographical indications (GIs) relating to goods.

According to the Act, the term 'Geographical Indication' (in relation to goods) means "an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods, one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case may be".

The Controller-General of Patents, Designs and Trade Marks, under the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, is the 'Registrar of Geographical Indications'. It directs and supervises the functioning of the Geographical Indications Registry (GIR), which in turn administers the Geographical Indication of Goods (Registration and Protection) Act, 1999 and the Rules there under. GIs are source identifiers as they help the consumers to identify the place of origin of the goods as well as act as the indicator to the quality, reputation and other distinctive characteristics of goods that are essentially due to that place of origin. Any duplication and false use of GIs by unauthorized parties is detrimental for both the consumers as well as legitimate producers. Because of this, former are likely to be deceived as they get a worthless imitation of product, which they buy by considering it as a genuine product with specific

qualities and characteristics. While, the producers suffer losses and damage as their valuable business is taken away from them and their established reputation for the products is damaged beyond repair.

Registration of Geographical Indications provide with the following benefits<sup>37</sup>

- Provides legal protection to Geographical Indications in India, which in turn gives essential boost to the exports providing momentum to the economy;
- Prevents any unauthorized use of a Registered Geographical Indication by others;
- Promotes economic prosperity of the manufacturers of goods which are produced in a geographical territory;
- Promotes welfare of the consumers by providing the legitimate reputation and quality of the goods; etc.

However, there are some of the GIs which one cannot register under the Act, about which consumers must be fully aware are:

- When GI has become a generic name, that is, names of those goods which have lost their original meaning and are used as common names;
- If use of GI is likely to deceive public, cause confusions, or is contrary to any law in force;
- GIs which comprises scandalous or obscene matter or hurt the religious sentiments of any section of the society, etc.

The consumers are required to be made aware of the fact that, if a geographical term is used as the designation of a kind of product, rather than an indication of the place of origin of that product, this term no longer functions as a GI.

### **Interface between GI and Trademarks**

Geographical indications and trademarks have a fundamental, philosophical conflict regarding their protection. Geographical indication's designations as absolute according to its exponents, i.e., once created they should be entitled to exclusivity even if this means extinguishing valid, pre-existing trademark rights. Exponents of trademarks have faith that conflicts between geographical indications and trademarks should be adjudicated by the traditional principle of "first in time, first in right", enabling conflicts between the two to be decided on the basis of priority under national and international law.

Several treaties and regional arrangements have attempted to set the appropriate standard for resolving

the conflict between geographical indications and trademarks. During the negotiation of the TRIPS Agreement, the case of Torres Wine Trademark concocted this issue. The TORRES trademark which had been registered and used for wine for many years was declared a "*Torres Vedras*" geographical indication by the Portuguese Government. Under a European Commission regulation on wine, it would have resulted in prohibiting the use of the TORRES trademark since it was in conflict with a geographical indication, which TRIPS supposedly resolved by endorsing the "first in time, first in right" principle.

The worldwide implementation of the TRIPS Agreement and the geographical indications articles has created disarray and potential damage to trademark owners since valuable trademark rights may be preempted by geographical indications. For example, in 1996 the government of Vietnam was considering revising its civil code based on the 1974 WIPO Model Law for Developing Countries on Appellations of Origin and Indications of Source which gives such indications priority over pre-existing trademarks. WIPO has yet to revise the Model Law to conform with TRIPS, a fact that INTA<sup>38</sup> brought to the attention of the Vietnam Government.<sup>43</sup>

### **Conclusion**

The Intellectual property is one of the cornerstones of modern economic policy making both at the national and international levels. It is increasingly becoming an important tool for sustainable development in today's knowledge based society. Therefore, understanding and appreciating the economic foundations of the IP systems is a prerequisite for comprehending its increasing importance and role in national strategies for enhancing competitiveness and accelerating socio-economic development. IPRs cannot be misused to escape provisions of the competition law by using unreasonable conditions. The consumer protection aspects of the IP system need to be strengthened in the legal jurisprudence across the globe. Indian judiciary has demonstrated its willingness to champion the cause of the people to protect them from acts of unfair competition and deception through passing off actions. It is submitted that the courts need to evolve with the passage of time for protecting consumer rights, especially in today's era of internet transactions and e-commerce. The judiciary in India



has largely upheld the consumers' rights, and recognizes IP as a vital tool for protecting customers in today's globalised world economy.

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- 16 AIR 2002 SC 275.
- 17 RK Patel & Co & Ors v Shri Rajdhar Kalu Patel & Ors 2007 Bom L R 739.
- 18 Heinz Italia & Anor v Dabur India Pvt Ltd, PTC 2007 SC 1 at 10; Bhavesh Mohanlal Amin & Anr v Nirma Chem Works Ltd & Anr PTC 2005 SC 497 at 11. The Supreme Court also referred to more classical trinity alternative test of goodwill, misrepresentation and damage as articulated in Satyam Infoway v Sifynet Solutions Pvt Ltd. AIR 2004 SC 3540 at 13-15 (Ruma Pal J).
- 19 Not all misrepresentations come within its ambit and not every occasion where there is damage to goodwill affords a remedy.
- 20 The much maligned authority for this requirement was McCulloch v May, (1948) 65 R.P.C. 58 (UK).
- 21 Sunder Parmanand Lalwani v Caltex (India) Ltd., 1969 A.I.R. 24 (Bom).
- 22 Honda Motors Co v Charanjit Singh & Ors, 2003 P.T.C. 26 (Del) 1 (HONDA on pressure cookers); Daimler Benz v Hybo Hindustan, 1994 A.I.R. 239 (Del) (BENZ on underwear).
- 23 Apart from dilution, the injury in such cases can also be characterized as a loss of control over the reputation for quality for one's products. A convenient summary of the Indian authorities which reject the common field of activity requirement is found in Larsen & Toubro Ltd v Lachmi Narain Trades, 2008 P.T.C. 36 (Del.) 223.
- 24 *N R Dongre and Ors v Whirlpool Corporation. and Anr.* 1996 PTC (16) 583 (SC).
- 25 Christopher W, The Law of Passing Off: Unfair Competition by Misrepresentation 154 (3d Ed. 2004).
- 26 AG Spalding & Bros v AW Gamage Ltd, (1915) 32 R.P.C. 273, 284 (HL) (UK) (Parker LJ).
- 27 Comm'r of Inland Revenue v Muller & Co (Margarine) Ltd, [1901] A.C. 217, 224 (HL) (UK) (Macnaghten L).
- 28 Anheuser-Busch v Budejovicky Budvar NP, [1984] F.S.R. 413 (CA) (UK).
- 29 Section 29(4), The Trademarks Act, 1999.
- 30 Vadehra S, Growing Incidences of Unfair Trade Practices in India, Global Advertising Lawyers Alliance, 2 October 2014.
- 31 Under Section 29(1) of the Act of 1958, infringement required deceptive similarity and was only available where the defendant used the sign "in relation to any goods in respect of which the trademark is registered." The present Act is also clear in Section 28(1) that, subject to the rules on infringement, "the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered." Trade and Merchandise Marks Act, No. 43 of 1958.
- 32 While blurring and tarnishment are identified as species of harm that affect the communicative functions of a trademark, it is debatable whether taking unfair advantage invariably harms the trademark. Strictly speaking, unfair advantage may not be a sub-category of dilution.
- 33 Narayanan P, Law of Trademarks and Passing Off (6th ed. 2004). For an analytical overview, see Taraporewala VJ, Law of Intellectual Property 395-544 (2<sup>nd</sup> Ed. 2013).
- 34 63 (1996) DLT 29.
- 35 Hanover Star Milling Co v Metcalf 240 U.S. 403 (1916).
- 36 Serra R, Geographical Indications, International Symposium on Geographical Indication.
- 37 808 F.2d 461 U.S.P.Q.2d 148, US State Court of Appeals, Federal Circuit.
- 38 Issues and Policy Committee, 'Protection of Geographical Indications and Trademarks', International Trademark Association.