

# LEGALFOXES LAW TIMES

## THE DECEPTIVE SIMILARITY OF TRADEMARK LAWS – A JUDICIAL VIEW WITH AN EMPHASIS ON THE CONCEPT OF DILUTION

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### Introduction -

Human Beings are the only species on Earth that are capable enough to have a mind that enables them to innovate and create. It is this creativity that has helped man evolve and advance much quicker than any other species on the planet. It is this same creativity that allows us to invent, innovate & create. Therefore, a man's power to create & innovate also accrues as a right and every man has a right over his creativity and the outputs it produces. This is where we come across the idea of "Intellectual Property".

Intellectual properties (IP) are intangible creations of the human intellect. There are a plethora of intellectual properties all the way from Patents and Copyrights to Trademarks and Trade-secrets. The idea of an "intellectual property" took birth in the early modern periods of 18<sup>th</sup> century England and the term first found its use in the late 19<sup>th</sup> century. However, it was only by the end of the 20<sup>th</sup> century that intellectual property became a common and well-known term and concept in all legal systems of the world.

In this analysis, we are going to focus more on the IP of Trademark, dealing particularly with the deceptive similarity of trade mark laws from the point of view of the Judiciary with respect to Indian Laws and a special emphasis on the concept of Dilution.

### Trademark & its Laws –

A Trademark is a type of IP normally in the form of a sign, symbol, design, expression etc. which identifies itself with a product or a service. Once acquired, it cannot be used by any other

and belongs exclusively to the firm or organization owning it and this is ensured through various laws and acts. Trademark is a legally recognised and enforceable IP.

Trademark has been defined under section 2(zb) of the Trademarks Act, 1999 as a mark that can graphically represent a good or a service in such a way that it can distinguish it from one good or service to another. It can be of various forms including shape, colour, packaging and even combinations of the same.

The Trademark Act of 1999 along with the Controller General of Patents, Designs and Trademarks are the statutory and executive authorities that govern all trademark related activities in India. They provide for a mechanism that enforces all trademark rules and upholds the rights of all trademark owners and at the same time provide for, a grievance mechanism in matters of violation or infringement of trademark rules and rights.

#### Deceptive Similarity of Trademark Laws –

A deceptively similar trademark normally refers to an attempt by a firm or an organization wherein which, they create a trademark that seems strikingly close or similar to an existing Trademark of a well-established brand or product with the aim of, as the name suggests, to deceive or confuse the ordinary customer or consumer. It is a fraudulent act aimed to trick the average consumer into purchasing or consuming a service or product they normally consume by tricking them into believing that what they have purchased or consumed is the product they intended to buy when in reality, they were conned by using a deceptively similar lookalike. It is more of a psychological trick at play where the consumer has been fooled into buying or consuming something that looked similar when identified but was not. It is known that an average consumer identifies a brand or product they like and associate to with the trademark or logo of the brand, it is what is first registered into the mind of the consumer. So, when a trademark is made deceptively to look like another in order to confuse the consumer or customer, it becomes a violation of the legal rights of the true owner of the trademark, thereby becoming a legal wrong.

"Deceptively similar" is referred to as those trademarks which are similar or a look alike to an existing trade mark to deceive or to cause confusion to the consumers.

Section 2(h) of the Trademarks act of 1999 states that a mark can be seen as deceptively similar to another if it even as so nearly resembles another mark in a way that could possibly cause confusion or deceive the ordinary consumer or customer

Deceptively similar trademarks are ground for trademark infringement under Indian Trademark laws and ground for legal prosecution as per the sections of the Trademarks act of 1999.

A popular case with reference to this is the Starbucks case as it is popularly known.

Starbucks Corporations vs. Sardarbuksh coffee & Co. & Ors,<sup>1</sup>

In the instant case, Starbucks Cooperation filed a suit under section 2(h) of the Trademarks act, 1999 in the Delhi High Court against Sardardaksh coffee & Co, for infringing in the trademark rights by designing a logo that is similar to their infamous logo (Green & White) and naming their brand in such a way that it sounds very similar to Starbucks and the fact that both operate in the same line of business. The Delhi HC in the instant case held the judgement in favour of Plaintiff (Starbucks) and asked the Respondent to change their logo to a different colour (Yellow & Black) and design and to rename their café outlets to "Sardarji-Baksh coffee & co."

This judgement further upheld trademark rights in Indian judiciary and legal system. Trademark regimes around the world all hold deceptive similarity as a violation of trademark rights and the same is followed in the Indian legal system as well and is seen as a ground for rejection of trademark application.

#### The Judiciary & its View -

The Indian Judicial and legal systems have acknowledged the importance of trademark and its protection. The Trademark act of 1999 was enacted for the same.

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<sup>1</sup> CS(COMM) 1007/2018 – Delhi High Court – 1-August-2018.<sup>1</sup>

The Courts in normal circumstances look for 2 factors when dealing with a Trademark infringement – (1) Substantially identical (2) Deceptively similar.

- Substantially identical is a situation where the 2 trademarks in question are analysed side by side to understand their similarities and differences and the total impression of resemblance after comparison is taken into consideration.
- Deceptively similar is where there is no side by side comparison but rather what is taken into consideration is the essential features of each trademark to see if there is a resemblance that may cause confusion and deception.

A Test was devised to correctly identify substantial identity and deceptive similarity in the landmark case - *Windeyer J in Shell Co. (Australia) Ltd v Esso Standard Oil (Australia) Ltd*<sup>2</sup>.

The Courts have also set up a few basic underlying principles to check on whether a claim of trademark infringement is based on deceptive similarity. They are as follows –

- Visual or Phonetic similarity
- Test of likelihood and possible confusion
- Test of Entirety
- Intention of malice to deceive



To better understand the view of the Indian Judiciary on deceptive similarity of trademarks, it is necessary to analyse some of the following judgements –

- *M/S. Lakme Ltd. vs M/S. Subhash Trading and Others*-23 August, 1996 (Delhi High Court).<sup>3</sup>

In the instant case, Lakme Ltd. filed a suit for temporary injunction against the respondent on the grounds of trademark infringement claiming that the respondent has brought to market a new

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<sup>2</sup>(1963) 109 CLR 407 at 414-415

<sup>3</sup> 1996 PTR 202 (Del)

product (Nail Enamel) by the name of “Likeme” & “Laksme” which sounds deceptively similar to Lakme and as such is a trademark violation. The plaintiff stated that Lakme is a brand name registered under the Trade & Merchandise marks act, 1958 as a trademark for various goods manufactured and sold the Plaintiff. The plaintiffs cited a slew of sections of the Trade and merchandise marks act, 1958.

The High Court however held that the 2 names were not similar and had different spellings as well and as such, there is no infringement to trademark laws in the instant case.

- M/S S.M. Dyechem Ltd vs M/S Cadbury (India) Ltd, 9 May, 2000. (Supreme Court)<sup>4</sup>

The plaintiff in the instant case carried out a snack chips business sold under the name of “Piknik”. The suit was a suit of injunction was sought by the appellant to restrict the respondent from using the word “Picnic” as it sounds similar in tone and thereby can be a case of deceptively similar infringement of trademark rights. The plaintiff registered the said name of “Piknik” in 1989 and dealt mainly with the sale of fried corn-flour and potato chips. The respondent on the other hand was an international chocolate manufacturer who sought to manufacture chocolates under the trade name of “Picnic”.

In the judgement, the Supreme Court held that the 2 names do not appear deceptively similar in nature and not identical in appearance and in composition of words. The appeal was dismissed.

- M/S Allied Blenders and Distillers pvt. ltd. vs. Govind Yadav & Anr, 31 January, 2019 (Delhi High Court).<sup>5</sup>

The Plaintiff was into the manufacturing & sale of alcoholic beverages under the trademarked name of “Officer’s Choice.” The Defendant in the instant case started his own manufacturing of alcohol under the name of “Fauji.” The Plaintiff claimed this to be an infringement and violation of trademark laws and claimed this to be a case of deceptively similar trademarks. As per the

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<sup>4</sup>AIR 2000 SC 2114

<sup>5</sup>CS(COMM) 819/2018 & IA 5616/2018, 14586/2018

plaintiffs claim, this similarity arises from the idea of the word and the flaws in translation. The word “Fauji” is the Hindi word for a soldier. There was also a claim that the packaging of the 2 alcoholic beverages was also similar and the bottles both looked similar in appearance. The hon’ble court however in this case held that this cannot be seen as a case of deceptively similar trademarks as the words though in different languages may mean the same or have a sense of similarity, that does not amount to trademark violations and as such, there is no infringement of trademark rights.

- K. R. Chinna Krishan Chettier v. Sri Ambal & Co. Madras and anr, 14 April, 1969 (Supreme Court of India).

The Hon’ble Supreme Court in the instant case upheld that if two words are phonetically similar, then irrespective of whether they have a different meaning or not, confusion would be inevitable and unavoidable for the majority of the consumers who are lay persons and as such may not necessarily know the distinction in the meaning of the two words. The words in question in the case were the words “Ambal” & “Andal”. The case was taken before the hon’ble High Court of Madras. The hon’ble Justice Jagadishan J of the Madras High Court held the following - *“The words, Ambal and Andal, have such great phonetic similarity that they are undistinguishable having the same sound and pronunciation. In whatever way they are uttered or spoken, slowly or quickly perfectly or imperfectly, meticulously or carelessly and whoever utters them, a foreigner or a native of India, wherever they are uttered in the noisy market place or in a calm and secluded area, over the phone or in person, the danger of confusion between the two phonetically allied names is imminent -and unavoidable.”*<sup>6</sup>

After due consideration, the Supreme Court held that there is a close affinity of sound between the words “Ambal” & “Andal” and as such was a case of deceptively similar trademarks.

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<sup>6</sup>(1969) 2 SCC 131

- Cadila Healthcare Limited vs Cadila Pharmaceuticals Limited, 26 March, 2001 (Supreme Court)<sup>7</sup>

This was a landmark case on trademark laws because the hon'ble Supreme Court in this case laid down some rules and guidelines for adjudication of matters that dealt with disputes on deceptively similar trademarks. The instant case, the successors to the Cadila pharmaceutical group had a dispute with regards to the name of a drug they manufactured. The plaintiffs sold a drug by the name of "Falcigo" while the defendants sold the same drug under the name of "Falcitab". The drug was an anti-parasitic drug used to fight Malaria. The Contention raised was that the similarly sounding name would cause confusion among the general public. The court observed that the diversified and sophisticated population of a country like India can cause confusions when it comes to names especially when in the case of medical drugs and as such, all aspects that can lead to confusion being caused must be effectively prevented. The hon'ble Court held that more precaution and care is necessary in cases of medical products and as such, because of the phonetic similarity of the two names found it to be a case of deceptively similar trademarks.



### The Concept of Dilution -

The concept of dilution is normally observed in the world of Trademarking. Dilution allows the registered legal owner of a Trademark to bar or prevent anyone else from using the trademark in a way that may reduce or affect the uniqueness of the Trademark. In most cases, the concept of dilution is applicable in the case of very famous and recognizable trademarks, as there are always more prone to attract lookalikes and copies. What is also normally seen is that the replicated trademark in most cases is used to carry out a business or field of work that is very different from the business the true trademark owner carries out. The final intention to engage in the said process is to create confusion and deception or to guise an incorrect notion to the average consumer that the owner of the famous trademark they all know and recognize has commenced

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<sup>7</sup>2001 AIR (SC) 1952

business in a new field of work, thereby aimed at tricking the loyal customers into purchasing the goods/services of the unauthorized trademark holder.

Indian trademark laws have recognized “Dilution” as a legal infringement of trademark rights and as such, there are provisions within the Trademark act, 1999 to prevent the same.

Section 29(4) of the Trademarks act, 1999 defines Dilution of Trademarks. The definition takes into consideration whether the 2 trademarks are identical? Whether they’re used in different goods/services? Whether the use amounts to unfair advantages and maybe detrimental to the legal registered owner? And finally, whether the registered trademark is a popular and recognized one that has a reputation and its unauthorized use is detrimental to the true legal owner?<sup>8</sup>

The above given factors were decided by the Court in the famous ITC case, ITC ltd. vs. Philips Morris Products SA & others 2010.<sup>9</sup>

There are some commonly seen methods/forms of trademark dilution –

- **Blurring** - happens when the reputed/recognized brands registered trademark is made to appear as if it is associated with the business (product/service) that the unauthorized copy is engaged with.
- **Tarnishing** – happens when the registered and reputed trademark is made to associate with the unauthorized copy in such a way that it harms the reputation and standard of the registered trademarks owner & business because it is made to appear as associated with a lower quality/inferior quality product/service.
- **Freeriding** – this type of trademark dilution is recognized by the European Union (EU) as an unfair method through which a reputed trademark is made to appear as being associated with the copy trademarks product/service to confuse and thereby gain on the customer and sales mileage the reputed trademark brand has.

Trademark dilution however is not absolute in any sense and there are a few exceptions to the same where concept of dilution is not applicable -

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<sup>8</sup>AIR 1994 Delhi 239, 1994 RLR 79 - Daimler Benz Aktiegessellschaft & Anr. v. Hybo Hindustan

<sup>9</sup>(42) PTC 572 (Del).

- Advertising/Promotion that permits a comparison of goods
- News reporting & Commentary
- Parodies, Criticisms, Comments.

A case with reference to the 3<sup>rd</sup> point is the case, *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, where the defendant manufactured apparels under the trade name “Chewy Vuitton” for dogs intended as a spoof to the well-known fashion luxury brand “Louis Vuitton. The Court held that this was no case of trademark dilution or infringement of trademark laws as the defendant manufactured goods meant for canines whereas the plaintiffs were into human clothing. With regards to the name, the court held that the name “Chewy Vuitton” did not dilute the trademark ‘Louis Vuitton’ because it was merely intended as a parody and a spoof of ‘Louis Vuitton’.<sup>10</sup>

### Conclusion –

The whole dimension of Trademark is seen today as an imperative and utmost important aspect of Intellectual Property and one that helps most business houses and corporations stay ahead. It is hence also the need of any legal and economic section to ensure the existence of a strong system of Trademark laws that keep trademark violations and infringements on a check and also help answer ambiguities and confusions that exist among finer lines of Trademark deceptions and infringements.

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<sup>10</sup> 507 F.3d 252 (4th Cir. 2007)