

Legal Issues in 'Trademarks'

Issue: Is there a threshold to determine 'Bad Faith' under trademark law?

Relevant Legal Provisions

- *Section 11(10) of the Trade Marks Act, 1999*

While considering an application for registration of a trade mark and opposition filed in respect thereof the Registrar shall---

- ii. take into consideration the bad faith involved either of the applicant or the opponent affecting the right relating to the trade mark.

Relevant Judicial Decisions

- ❖ *Sony Kabushiki Kaisa Also Trading as Sony Corporation vs. Mr. Purushottam Agarwal & Ors.*
[OA/49/2007/TM/KOL, Circuit Bench IPAB, Kolkata ; Division Bench]

"16.The error was in holding that appellants are only dealing in electronic goods - ignoring the spill over effect of goodwill and reputation of a well known mark that travels across the borders and across all type of goods. The essential features of the respondent mark abt SONY include the whole of appellants mark "SONY" with 'abt' used as a prefix in conjunction with SONY which is merely an alibi. The public and consumer will ask for SONY garments and not 'abt' possibly thinking it originates from SONY trade mark owners. Incautious, ignorant and upcountry consumers are likely to be deceived. The main idea of both the marks hinges on SONY. It is clear the respondent are trying to take unfair advantage of the famous mark SONY to the detriment of the reputation of the appellant's and is against honest practice in industrial or commercial matters. The inclusion of the word SONY in the respondent's mark very prominently is completely and out rightly dishonest as the impugned mark includes the whole of the appellant's mark and it stands out very prominently. These are unacceptable commercial behaviors and unfair to the point of bad faith." (Emphasis supplied).

Relevant Judicial Decisions

❖ *Kia Wang vs. Registrar of Trademarks and Another [C.O. (COMM. IPD-TM) 2/2021; High Court of Delhi; Single Judge Bench]*

"20. Clearly, 'bad faith' is an unfair practice involving lack of honest intention, a conscious doing of wrong and not just a mistake. It includes dealings which fall short of standards of acceptable commercial behaviour. When one examines the adoption of the impugned trademark by Respondent No. 2 in the present case, there is little doubt that there was a dishonest intention in adopting Petitioner's similar mark for identical goods including the word



and style, as a part of the device mark. The dishonest intention is with a view to encash on the goodwill of the trademark of the Petitioner and this gets pronounced by the fact that Respondent No. 2 has allowed the petition to go uncontested without even appearing in the matter, leave alone filing any counter statement or evidence to rebut even the 'prior user'. Therefore, the impugned trademark is liable to be cancelled and removed from the Register of Trade Marks rectifying the Register."

Relevant Judicial Decisions

❖ *Forme Communications Vs. Dilip Kumar Aggarwal [CS (OS) 1640/2012, High Court of Delhi, Single Judge Bench]*

"13. Plaintiff Company collected the necessary evidentiary material/documentation to support its case and after concluding to the best of its knowledge that the Defendant was not carrying out any business activity under the trademark Forme that the present proceedings were initiated. Plaintiff Company through its representatives including P.W. 1 also conducted a search in the Trade Mark Registry to ascertain if the Defendant had indulged in similar kind of trademark squatting in relation to other marks belonging to other persons."

Relevant Judicial Decisions

❖ *Bpi Sports Llc vs. Saurabh Gulati & Anr. [C.O. (COMM.IPD-TM) 16/2021] ; Delhi High Court ; Single Judge Bench*

"38.1the intent and purpose of Section 11(10)(ii) is obviously to disentitle registration of a mark, the request for registration of which is tainted by bad faith.

38.7 “Trade mark squatting” is an internationally known intellectual property misdemeanour, though it does not find specific place in the Trade Marks Act. Prof. Doris Estelle Long has, in her article “Is Fame All There Is? Beating Global Monopolists at Their Own Marketing Game” defined a “trade mark squatter” as “a person who seeks to register third party marks domestically before their legitimate rights holders have an opportunity to secure their rights”. In their article Trademarks squatters: Evidence from Chile, Carsten Fink Christian Helmers and Carlos Ponce explained trademark squatting,....*a situation in which a company or individual registers a trademark that protects a good, service, or trading name of another company. This latter company has usually invested in brand recognition and built substantial goodwill in the product, service, or trading name, but has not registered a trademark. Squatters attempt to register such trademarks, in most cases not with the intention to use these trademarks in commerce, but with the intention to extract rents from the brand owners or other companies that rely on the brand, such as importers in case of foreign brands.*”

Relevant Judicial Decisions

- ❖ *Bpi Sports Llc vs. Saurabh Gulati & Anr. [C.O. (COMM.IPD-TM) 16/2021, High Court of Delhi, Single Judge Bench]*

"38.8 There can be no manner of doubt that the act of Respondent 1 in registering the BPI SPORTS word mark, which, to his knowledge and awareness, was registered in the name of the petitioner in the USA and in which the petitioner had global repute, in his name, constitutes “trade mark squatting”. Though trade mark squatting as an individual phenomenon does not find especial mention in the Trade Marks Act, it would certainly amount, in my opinion, to “bad faith” within the meaning of Section 11(10)(ii) of the Trade Marks Act.”

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Relevant Judicial Decisions

❖ *Infosys Limited vs. Southern Infosys Limited [CS(COMM) 257/2024, High Court of Delhi, Single Judge Bench]*

"17. The Defendant's failure to perform such due diligence suggests a lack of good faith. The adoption of a name so closely resembling 'INFOSYS'—a term which was established and recognized within the industry for 17 years prior to Defendant's adoption—appears to be a deliberate attempt to capitalize on the goodwill and reputation that the Plaintiff has developed over 17 years of continuous use. Such actions are indicative of bad faith and a clear intention to benefit from the established market presence and consumer recognition of the Plaintiff's trademark. It must be noted that the Defendant company is publicly listed which implies a higher degree of scrutiny and adherence to corporate governance standards, including comprehensive checks against infringing on existing intellectual property rights. Therefore, the Defendant's oversight or neglect in this regard does not excuse the infringement."

Conclusion

- ❖ Section 11(10)(ii) of the Trademarks Act ensures that trademarks registered or applied for without genuine intent or with dishonest motives are not granted legal protection. However, the term “bad faith” has not been defined in the statute and Indian courts have identified bad faith on the case to case basis. Various judicial pronouncements have addressed situations where a party acts in bad faith, such as intending to misuse the reputation of established brands, engaging in trademark squatting, or deliberately creating confusion to gain unfair commercial advantages which would entail bad faith.
- ❖ It highlights the importance of ethical behavior in trademark law. It ensures that trademarks serve their true purpose—identifying the genuine origin of goods and services—without being tainted by dishonesty or exploitation. By disqualifying marks obtained in bad faith, this provision protects both rightful trademark owners and consumers from deception and unfair practices.

THANK YOU!
Questions?

Vanshika Gupta
Trainee Associate

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