



LAW RELATING TO TRADEMARK PART-6

Limits on Effect of Registered Trade Mark

Section 30 enumerates certain acts which do not constitute infringement. This section explicitly states that nothing in section 29 shall be construed as preventing the use of a registered trade mark by any person for the purposes of identifying goods or services as those of the proprietor provided the use—

(a) Honest Practices

is in accordance with honest practices in industrial or commercial matters

(b) No Unfair Advantage

is not such as to take unfair advantage of or be detrimental to the distinctive character or repute of the trade mark

Non-Infringement Scenarios Under Section 30(2)

Section 30(2) states that a registered trade mark is not infringed where—



(a) Descriptive Use

the use in relation to goods or services indicates the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services or other characteristics of goods or services;



(b) Limited Registration

a trade mark is registered subject to any conditions or limitations, the use of the trade mark in any manner in relation to goods to be sold or otherwise traded in, in any place, or in relation to goods to be exported to any market or in relation to services for use or available for acceptance in any place or country outside India or in any other circumstances, to which, having regard to those conditions or limitations, the registration does not extend;



(c) Proprietor's Consent

the use by a person of a trade mark—

(i) in relation to goods connected in the course of trade with the proprietor or a registered user of the trade mark if, as to those goods or a bulk of which they form part, the registered proprietor or the registered user conforming to the permitted use has applied the trade mark and has not subsequently removed or obliterated it, or has at any time expressly or impliedly consented to the use of the trade mark; or

(ii) in relation to services to which the proprietor of such mark or of a registered user conforming to the permitted use has applied the mark, where the purpose and effect of the use of the mark is to indicate, in accordance with the fact, that those services have been performed by the proprietor or a registered user of the mark;



(d) Accessory Goods

the use of a trade mark by a person in relation to goods adapted to form part of, or to be accessory to, other goods or services in relation to which the trade mark has been used without infringement of the right given by registration under this Act or might for the time being be so used, if the use of the trade mark is reasonably necessary in order to indicate that the goods or services are so adapted, and neither the purpose nor the effect of the use of the trade mark is to indicate, otherwise than in accordance with the fact, a connection in the course of trade between any person and the goods or services, as the case may be;



(e) Similar Registered Marks

the use of a registered trade mark, being one of two or more trademarks registered under this Act which are identical or nearly resemble each other, in exercise of the right to the use of that trade mark given by registration under this Act.

Interpretation of 'Reasonably Necessary'

The Madras High Court in *Consim Info Pvt. Ltd vs. Google India Pvt. Ltd.* 2013 (54) PTC 578 (Mad), relied upon two U.S. Ninth Circuit judgments, to interpret the meaning of the words 'reasonably necessary' used in section 30(2)(d) and held that for any unauthorized use of the trademark to be considered a 'nominative fair use', it must meet three tests viz.,

1

Product Identification Test

the product or service in question must be one not readily identifiable without use of the trademark;

2

Necessity Test

only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and

3

No Sponsorship Test

the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the proprietor of the trademark

Section 30(3): Lawful Acquisition and Resale

As per Section 30(3) of the Act, where the goods bearing a registered trade mark are lawfully acquired by a person, the sale of the goods in the market or otherwise dealing in those goods by that person or by a person claiming under or through him is not infringement of a trade mark by reason only of—

(a) Assignment After Acquisition

the registered trade mark having been assigned by the registered proprietor to some other person, after the acquisition of those goods; or

(b) Market Placement with Consent

the goods having been put on the market under the registered trade mark by the proprietor or with his consent.

Important Exception

Section 30 (3) shall not apply where there exists **legitimate reasons** for the proprietor to oppose further dealings in the goods in particular, where the condition of the goods, has been changed or impaired after they have been put on the market.

Samsung Electronics Co. Ltd. & Ors. vs. Kapil Wadhwa & Ors.

DELHI HIGH COURT

17.02.2012

Citations: MIPR 2012 (2) 1 | 2012 (49) PTC 571 (Del)

Facts of the Case

Samsung Electronics Company Limited, the plaintiff, is the registered proprietor of the trademark "SAMSUNG" in India in respect of electronic goods. The defendants were engaged in importing and selling Samsung-branded products in India without authorization from the plaintiff. These goods were genuine products, originally manufactured by Samsung, but were imported through parallel imports (grey market) channels.

The plaintiffs filed a suit for:

- Trademark infringement, and
- Passing off,

contending that:

- The defendants were selling Samsung products without consent
- Such sale diluted the trademark and affected Samsung's distribution and warranty policies
- The use of the SAMSUNG trademark without authorization amounted to infringement

Issues Before the Court

1. Whether sale of genuine goods bearing the registered trademark without the proprietor's authorization amounts to infringement.
2. Whether Section 30(3) of the Trade Marks Act, 1999 provides a defence to such use.
3. Whether the doctrine of exhaustion of trademark rights applies in India.

Observations of the Delhi High Court

The Court made the following key observations:

- Section 30 of the Trade Marks Act, 1999 deals with limits on the effect of a registered trademark.
- Section 30(3) specifically provides that: Where goods bearing a registered trademark are lawfully acquired, further sale or dealing in such goods does not constitute infringement.
- This provision embodies the **doctrine of exhaustion**, meaning: Once the trademark proprietor has put the goods into the market (or consented to it), His exclusive rights over further resale of those goods are exhausted.
- Section 30(3) operates as a defence to infringement proceedings.
- It does not create any additional right in favour of the defendant but merely protects lawful dealing in genuine goods.

The defence is available only when:

- The goods are genuine, and
- They were lawfully acquired from the market.

The Court clarified that the defence under Section 30(3) can be invoked only against an infringement claim, and not as an independent right.

What Followed / Final Decision

The Delhi High Court held that Section 30(3) is a complete defence to infringement in cases involving sale of genuine goods.

Selling lawfully acquired genuine Samsung products does not amount to trademark infringement merely because the seller lacks authorization from the trademark owner.

However, such protection is subject to the condition that:

- The goods are not materially altered, and
- There is no misrepresentation or unfair trade practice.

Key Legal Principle ★

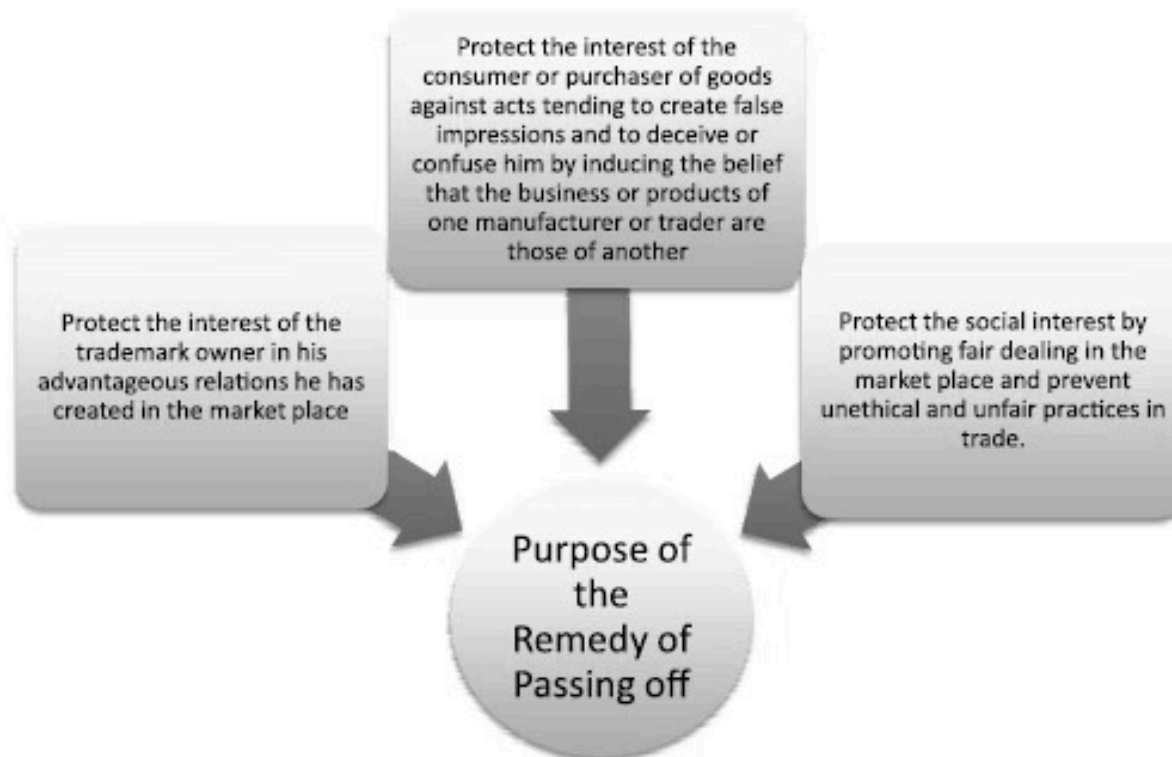
Section 30(3) of the Trade Marks Act, 1999 acts as an exception to infringement by incorporating the doctrine of exhaustion, and provides a complete defence where genuine goods are lawfully acquired and resold.

Brownie Point

The Samsung case clarifies that Section 30(3) does not confer an independent right but merely operates as a statutory defence against trademark infringement in cases of lawful resale of genuine goods.

Passing Off

Black's Law Dictionary defines passing off as "the act or an instance falsely representing one's own product as that of another in an attempt to deceive potential buyers. Passing off is actionable in tort under the law of unfair competition. It may be actionable as trademark infringement. With the tremendous growth in trade and commerce, the competitors or other traders tend to imitate the wellknown or reputed trademarks by imitating colour scheme or get up or packaging with a view to pass off such goods as goods of the genuine owner. In cases of registered trademarks, the owner can move the court under this Act for the infringement whereas in cases of the unregistered trademarks, the Act recognizes the Common Law remedy of passing off. The tort of passing off is based upon the principle that "no man is entitled to represent his goods as being the goods of another man; and no man is required to use any mark, sign or symbol, device or means, whereby without making a direct representation himself to a purchaser who purchases from him, he enables such purchaser to tell a lie or to make a false representation to somebody else who is the ultimate purchaser."



Requirements for Passing Off Action

The plaintiff, in an action of passing off, has to establish that his business or goods has acquired the reputation and that his mark has become distinctive of his goods among the public at large. He has to establish that there is likely hood of deception or confusion in the minds of the public. He, however, does not have to establish the fraudulent intention on the part of the defendant. Thirdly, he has to establish that confusion is likely to cause damage or injury to the reputation, goodwill and fair name of the plaintiff. He need not prove the actual loss or damage in an action of passing off.



Reputation & Distinctiveness

Business/goods has acquired reputation and mark has become distinctive among public



Likelihood of Confusion

Deception or confusion likely in minds of public (no need to prove fraudulent intention)



Potential Damage

Confusion likely to cause damage to reputation, goodwill and fair name (no need to prove actual loss)

Mahendra & Mahendra Paper Mills Ltd. vs. Mahindra & Mahindra Ltd.

सुप्रीम कोर्ट ऑफ इंडिया SUPREME COURT OF INDIA

AIR 2002 SC 117

Nature of the Case

This was an action for passing off based on an unregistered trademark, where the issue before the Supreme Court was whether the use of the name "Mahendra & Mahendra" by the defendant was deceptively similar to the plaintiff's well-established name "Mahindra & Mahindra".

Core Legal Issue

Whether the defendant's trade name was likely to deceive or cause confusion among the public and thereby amount to passing off.

Supreme Court's Observations

The Hon'ble Supreme Court laid down that **no rigid formula can be applied to decide deceptive similarity**. Instead, multiple factors must be examined cumulatively, and the weight given to each factor depends on the facts and circumstances of each case.

Factors to Determine Deceptive Similarity in Passing Off

The Supreme Court broadly stated that the following factors must be considered:

Nature of the Marks

Whether the marks are:

- Word marks, or
- Label marks, or
- Composite marks (word + label)

Degree of Resemblance

- Phonetic similarity
- Visual similarity
- Similarity in idea or overall impression

Nature of the Goods

The kind of goods or services for which the marks are used

Similarity in Goods of Rival Traders

Similarity in nature, character and performance of goods or services

Class of Purchasers

- Educational level
- Intelligence
- Degree of care likely to be exercised while purchasing or using the goods

Mode of Purchase

Whether goods are purchased:

- Over the counter
- Through agents
- By written or oral orders
- After inspection or casually

Other Surrounding Circumstances

Any other relevant factors affecting the extent of similarity or dissimilarity between competing marks

Important Clarification by the Court

- No uniform weightage can be given to all factors in every case.
- The importance of each factor varies depending on the facts of the case.
- The overall impression on an average consumer of imperfect recollection is the decisive test.

Legal Principle ★

In a passing-off action based on an unregistered trademark, deceptive similarity is determined by a cumulative assessment of multiple factors, and no single factor is conclusive.

Brownie Points

The Supreme Court in *Mahendra & Mahendra v. Mahindra & Mahindra* laid down the guiding factors for determining deceptive similarity in passing-off actions, emphasizing a fact-based, holistic approach.

Thank you

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