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Analysis of Trademark Infringement in the Fast-Moving Consumer Goods industry: with reference to Britannia Industries Ltd. v. ITC Ltd. & Ors.

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ABSTRACT

Consumer goods require a brand name association to be recognized and remembered by the people. Trademarks help the brands in making an impression in the minds of the consumers. It is because of the popularity of certain brands that other producers/manufacturers tend to copy the trade-dress or get up which is included within the ambit of trademark, in order to gain on their goodwill or reputation. Indian Law recognizes these acts of unfair copying as statutory tort, i.e, infringement in case of registered trademarks or common law tort, i.e., passing off in case of unregistered trademarks. In this article the determining factors of deceptive similarity which is sine qua non for such infringement or passing off are analysed. The analysis and conclusion are drawn in the light of the very recent judgment of the Delhi High Court in the matter of two most popular companies dealing in production and sale of various Fast Moving Consumer Goods.

Keywords: *Fast Moving Consumer Goods, Infringement, Passing off, Deceptive Similarity.*

I. INTRODUCTION

Consumer goods are products purchased by people for consumption. Consumer goods are of three kinds: durable goods, non-durable goods and services. Durable goods consist of those products which have a shelf life of 3 years or more whereas non-durable goods are those products which have a shelf life of less than one year.

Fast moving consumer goods (FMCG) fall under the broad category of non-durable goods thus, have a very short shelf life. It is because of strong market demand (e.g., soft drinks and confections) or because of their perishable nature (e.g., meat, dairy products, and baked goods). These products are often purchased, rapidly consumed, affordably priced, and sold in large quantities. Fast-moving consumer products are used by almost every person on a daily basis. They are the transactions made at the produce stand, grocery shop, supermarket, and

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warehouse outlet on a small scale. Owing to this swift nature, regular utilization, common access and rapid growth of the FMCG market, the companies producing or manufacturing such goods need strong Intellectual Property protection to advertise and reach out to the masses.

II. THE NEED OF TRADEMARK PROTECTION FOR FMCG

A trademark is a word, phrase, symbol, or design capable of being represented graphically, that helps distinguish the source of the goods of one proprietor from that of others and may include shape of goods, packaging, combination of colours². The objective of the trademark law is primarily to serve the following two purposes:

1. To identify the source or origin of a particular product and distinguish them from other similar products thereby, protecting the public from deception or confusion.
2. To protect the trademark owner's trade and business as well as goodwill attached to it³.

The purpose, intent and spirit of trademark law is to protect both the consumer and proprietor against dishonest adoption of a trademark with the attached intent of capitalizing on the reputation and goodwill of the trademark⁴. The main functions of the trademark are to identify and distinguish the goods of one trader from those of others, signify the source and equal level quality of goods bearing the trademark and act as a prime instrument in advertising and selling of goods⁵. The honourable Supreme Court in the case of *Laxmikant V. Patel v. Chetanbhat Shah*⁶, stated that the definition of trademark is very wide and means, inter alia, a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others. The FMCG comprise mostly of daily use items of common man and face a cut throat competition in the market thus, it is of utmost importance for the proprietors to identify and associate their goods with a trademark so as to purchase the public. Under Indian Law, registration of trademark is not mandatory; however, registration provides certain statutory rights to the trademark owner including filing for suit of infringement under section 29 of the Trademark Act, 1999. The proprietors of unregistered trademarks can avail common law remedy by filing for tort of

² The Trademarks Act, 1999, § 2(zb), No. 47, Acts of Parliament, 1999(India).

³ Micolube India Ltd. v. Rakesh Kumar, 2013 (55) PTC 61 (Del.)

⁴ Cadbury India Limited v. Neeraj Food Products, 2007(35) PTC 95 (Del.)

⁵ J.T.McCarthy, TRADEMARKS AND UNFAIR COMPETITION (New York, 1973), Vol. 1, p.86.

⁶ AIR 2002 SC 275

passing-off⁷. The registration of trademark gives exclusive right to the proprietor to use the trademark⁸. The term of registered trademark in India is 10 years which can be renewed under the provision of the Act⁹.

III. INFRINGEMENT OF TRADEMARK

Section 29 of the Trademark Act provides for various acts which constitute infringement:

1. The defendant's mark is identical or deceptively similar to the plaintiff's mark and is used in relation to the goods or services in respect of which the registration is obtained¹⁰.
2. The defendant's mark is identical to the plaintiff's mark and is used in relation to goods and services which are similar to that of the plaintiff, as is likely to cause confusion or association with the registered trademark¹¹.
3. The defendant's trademark is similar to the plaintiff's mark and is used in relation to either identical or similar goods and services, as is likely to cause confusion or have an association with the plaintiff's mark¹².
4. The defendant's trademark as well as the goods or services for which the mark is used are identical to that of the plaintiff¹³. The court in this case shall presume that there is likelihood of confusion on the part of the public with the use of the impugned mark¹⁴.
5. The defendant's mark is identical or similar with the plaintiff's mark; however, they are used in relation to goods or services which are not similar to those of the plaintiff. The plaintiff's registered mark is a well known trademark or has a reputation in India and the defendant's mark takes unfair advantage of, or is detrimental to the distinctive character or reputation of the trademark¹⁵.

From the perusal of section 29(1), 29(2) and 29(3), it can be established that deceptive similarity or likelihood of confusion are *sine qua non* for any trademark infringement or passing off action.

⁷ The Trademarks Act, 1999, § 27, No. 47, Acts of Parliament, 1999(India).

⁸ The Trademarks Act, 1999, § 28(1), No. 47, Acts of Parliament, 1999(India).

⁹ The Trademarks Act, 1999, § 25, No. 47, Acts of Parliament, 1999(India).

¹⁰ The Trademarks Act, 1999, § 29(1), No. 47, Acts of Parliament, 1999(India).

¹¹ The Trademarks Act, 1999, § 29(2)(a), No. 47, Acts of Parliament, 1999(India).

¹² The Trademarks Act, 1999, § 29(2)(b), No. 47, Acts of Parliament, 1999(India).

¹³ The Trademarks Act, 1999, § 29(2)(c), No. 47, Acts of Parliament, 1999(India).

¹⁴ The Trademarks Act, 1999, § 29(3), No. 47, Acts of Parliament, 1999(India).

¹⁵ The Trademarks Act, 1999, § 29(4), No. 47, Acts of Parliament, 1999(India).

IV. ISSUE OF TRADE-DRESS AND DECEPTIVE SIMILARITY

In simple terms, trade dress means the dress or outer appearance of the goods or services. In India, we do not have a separate statute to protect the trade-dress of a proprietor. The concept has been inculcated within the definition of the trademark under section 2(zb) of the Trademark Act, 1999, which includes within its ambit “packaging, shape of goods and the combination of colours’. Thus, the trade dress of the goods comprises size and shape of the package or container, label or wrapper, the dress in which the goods are offered to the public. It also includes the color or colors of the label, style of writing, decoration and manner of arrangement of various features of the label. It also imperative to understand that a proprietor doesn’t get monopoly in the particular way of packaging or get-up unless such get-up has become so associated in the minds of the public with the proprietor’s goods as to be distinctive of the goods of proprietor and of no other¹⁶. The package design's unspoken message, which is basically a promotion of the package's trade dress, could become a valuable asset for market entrenchment and product valuation¹⁷.

The mark can be said to be deceptively similar, if it so nearly resembles the other mark so as to be likely to deceive or cause confusion¹⁸. To deceive means to deceive a person by telling a lie or making a false representation so as to make the public believe something to be true which in fact is false. To cause confusion on the other hand, doesn’t essentially involve a lie or false representation¹⁹. Thus, deception involves a shade of *mens rea* or guilty intent. However, with or without the intent the tort stands committed. The honourable Supreme Court in the case of *Amritdhara Pharmacy v. Satya Deo Gupta*²⁰, stated that the law doesn’t provide for the definitive test for determining what constitutes deception or likelihood of confusion. Therefore, every case must be adjudged on its own facts. In the case of *Parle Products (P) Ltd. v. J.P. & Co.*²¹, Supreme Court held that the broad and essential features of the two marks must be considered, in order to determine the deceptive similarity. The test for determining the deceptive similarity is not of photogenic memory or perfect memory but of imperfect memory or recollection by a man of average intelligence²².

In the case of *Anchor Health and Beauty Care Pvt. Ltd. v. Shivam Hygienes India Pvt. Ltd.*, the court observed that if a plaintiff’s mark is associated with a certain category of FMCG,

¹⁶ Midas Hygiene Industries Pvt. Ltd. v. Sudhir Bhatia, 2015 (64) PTC 366 (Del.)

¹⁷ *Ibid*

¹⁸ The Trademarks Act, 1999, § 2(h), No. 47, Acts of Parliament, 1999(India).

¹⁹ Parker Knoll Ltd. v. Knoll International Ltd., 1962 RPC 265.

²⁰ (1963) 2 SCR 484

²¹ (1972) 1 SCC 618

²² Allied Blenders & Distillers Pvt. Ltd. v. ShreeNath Heritage Liquor Pvt. Ltd., 2014 (59) PTC 42 (Del.)

then the use of the defendant's similar mark for other category of FMCG is likely to deceive the public to believe that the goods offered by the defendant are offered by the plaintiff or associated with the plaintiff. Further in the case of **Colgate Palmolive Company v. Anchor Health and Beauty Care Pvt. Ltd.**, the Court observed that it is the overall impression that a customer gets as to the source and origin of the goods from the visual impression of colour combination, shape of the container, packaging etc. that needs to be analysed to determine deceptive similarity. Thus, in order to prove the infringement of a trademark, it is not necessary that the mark must be copied completely. The mere resemblance of appearance in order to deceive the public or cause confusion is enough.

The Honourable Delhi High Court in the judgment of **Britannia India Ltd. v. ITC Ltd. & Ors.**²³, decided on 5th April, 2021 has elucidated on the issue of deceptive similarity relating to trade dress of the Fast Moving Consumer Goods and also laid down factors for determination of the same.

Facts of the case:

1. Britannia India Ltd., plaintiff on 11th September, 2020 had obtained trademark registration in class 30 of the Trademark Rules, 2017 which includes all the categories of the biscuits among other goods. They have been using this trademark since 2014. They manufacture and clear “Nutri Choice Digestive Biscuits” packaging of both the box pack and pillow pack employing the said registered trademark.

2. The defendant, ITC Ltd. & Ors. do not have registration for any trademark and they started deploying allegedly deceptive similar packaging in the “Sunfeast Farmlite Digestive Biscuits” from 28th September, 2020. Prior to this, they sold their products under different packaging which according to the plaintiff did not infringe their trademark.

3. The plaintiff has thus, alleged that the defendant have deliberately changed the impugned packaging, in order to pass off their products as that of the plaintiff. The pictures of both the packaging are attached hitherto for better understanding of the Judgment.



²³ I.A. 12115/2020 in + CS(COMM) 553/2020

4. The plaintiff has also clarified that they do not have a separate registration in the red and yellow colour under section 2(m) of the Act and their claim is based upon deception and confusion created by the defendant's overall appearance and packaging leading to infringement of their trademark for which they have obtained registration.

Legal Issues Involved:

- 1) Whether the impugned packaging adopted by the defendant is deceptively similar to that of the Plaintiff, thereby amounting to infringement of registered trademark and passing off of the goods?

Arguments of both the parties:

1. Plaintiff contended that the colour scheme, combination thereof, arrangement of features, get up, lay out and the overall trade dress of the defendant's packaging was deceptively similar to that of the plaintiff. They called the attention of the court to the following similarities among the packings of both the companies:
 - a. Both the packages in question have used a "Red and Yellow" colour scheme on the same sides with use of shade of orange at the intersection.
 - b. The picture of biscuit has been depicted on the right side of both the packages with brand names embossed on the body of the biscuit in similar style and font.
 - c. The words "high fibres" are written below the depiction of biscuits.
 - d. There is also use of white background for highlighting the words "Nutri Choice" in the plaintiff's pack and "5 Seed Digestive" in the defendant's.
 - e. The red area in both the packages below the picture of biscuit depict two sheaves of wheat with scattered grains.
 - f. The words "digestive" are also written in red.

To establish deceptive similarity, they referred to the case of **Parle Products Pvt. Ltd. v. J. P. & Co. Mysore**²⁴, wherein the Supreme Court had held that the two marks were deceptively similar because packets of both the parties in this case were practically of the same size, the colour scheme of the two wrappers is almost the same; the design on both though not identical bears such a close resemblance that one can easily be mistaken for the other.

2. The Plaintiff has alleged that the defendant has copied all the essential elements of

²⁴ 1972 SCC (1) 618

distinction of their registered trademark. They also argued that they have registered a trademark in respect of “biscuits” which therefore, includes all the categories of biscuits. Thereby, stating that it would not be permissible for anyone to use any mark, deceptively similar to that of the plaintiff, in respect of any kind of biscuits and such use to amount to infringement under section 29(2)(b).

3. The plaintiff further expostulates that there is also likelihood of “initial interest confusion”; as biscuits are usually stocked together in grocery stores. They also insist upon the immaterial nature of the ingredients as both the biscuits are digestive biscuits.

4. The defendant has argued that both the packs have any number of dis-similar features that negate the possibility of deception or confusion. They have highlighted these features as follows:

- a. The colour scheme of the plaintiff’s pack is primarily of red and yellow with yellow as the predominant colour. On the other hand, their packaging has 3 colours namely, red, yellow and saffron with red as the predominant colour.
- b. The plaintiff’s pack highlights the brand name “Nutri Choice” in green colour whereas the defendant’s brand name is written in brown.
- c. The defendant pack depicts the pictures of 5 seeds along with their names in the vertical curved band towards the centre of the pack which is missing from the plaintiff’s pack. They have contested that they are the only manufacturer of the biscuits with 5 seeds in them.
- d. The depiction of biscuit in the defendant’s pack depicts their brand name which is different from that of the plaintiff’s pack.
- e. The colour of the words “High Fibre” in both the packings are different.

5. The defendant also contended that depiction of biscuits etched with the brand names, sheaves of wheat and grains along with the words ‘High Fibres’ are common industry practices which illustrate the nutritional value of the biscuits. The brand name on the depiction of biscuit further obviates the credit of the plaintiff’s claim, as the brand name of the defendant company as well as of defendants’ biscuits are completely different from those of the plaintiff.

Judgment of the Case

The Court before pronouncing the decision, analysed the legal proposition on the deceptive similarity by referring to several Judgments. The following principles were culled out:

1. The relevant considerations for determining deceptive similarity are: class of customers, look/appearance, and the sound of the trade marks, as well as the nature of the goods, along with surrounding circumstances. It is also relevant to consider the consequences which would follow if each of the marks is used in the normal way as the trademark for the goods of the respective owners²⁵.
2. The plaintiff has the onus to prove the alleged infringement or passing off.
3. The term "confusion" applies to the customer's state of mind, who upon seeing the mark, believes it is not the same as the mark on the products he has previously purchased, but he is sceptical whether or not the impression is due to an imperfect recollection.
4. The situation must be examined through the eyes of an individual of average intelligence and imperfect recollection/memory. It's important to consider how such a buyer would respond to the trademark, the associations he'd make, and how he'd link the trademark to the products he'd be buying.
5. The Court is not required to ferret out points of dissimilarity between two marks.
6. The Court is expected to use both the phonetic and visual tests by comparing the essential features of both the marks. The deception or confusion cannot be determined decisively by either test alone as the matter, apparently, is always one of fact. Precedents are only useful if they define tests for application, not if they are based on facts. The English cases are not relevant in determining deceptive similarity as the tests for deceptive similarity, which apply in other jurisdictions, may not always apply in India.
7. There are no objective criteria for the degree of similarity that is likely to lead to deception. It must be seen from the perspective of the products' purchasers.

The court was of the opinion that in the instant case, the defendant's pack was not deceptively similar to that of the plaintiff, thereby negating the allegation of infringement and passing off. The reasons for such observation were elucidated by the Court as follows:

- a. The perception for analysis of deceptive similarity should be of a man of average intelligence and imperfect recollection and not that of an idiot or amnesiac. The average mind is not just trained to identify similarities but also dissimilarities. If similarities can create deception, enough dissimilarities can also obviate them. The

²⁵ In re. Pianotist Application, (1906) 23 RPC 774

defendants pack had starke dissimilarities from those of the plaintiff's pack as highlighted in the arguments of the defendant.

- b. The customer base of the plaintiff who has brought the biscuits from them are likely to associate and remember the brand name " Nutri Choice" and would recognize the absence of the same in the packs of the defendant. Recognizing the customer base of the digestive biscuits along with the special 5 seed ingredient, the defendant's biscuit will have a separate identity.
- c. The plaintiff's contention of "initial interest confusion" is also not satisfied, as if the plaintiff's and defendant's biscuit packets are held side by side, the consumer is unlikely to be confused between the two unless he is standing so far away that he can only see the colours of the packs and not their distinctive features.
- d. The Court agreed with the plaintiff's claim that they have registration for the omnibus category of biscuits and thus, they relied on Section 29(2)(b), to submit that the clause also covers infringement by use of similar trademarks on identical goods. Applying the principle of *Noscitur a sociis* to the provision of section 29(2)(b) wherein the words "deceptively similar" are used with the word identical, court opined that the similarity, must be one which confuses, or deceives one into believing either that the later product is the same as the earlier, or that they are made by the same manufacturer, or that there is an association between them. However, the plaintiff is to prove that such similarity is likely to cause confusion in the minds of the public or like to project association with the registered trademark. In this case, the plaintiff has failed to prove the likelihood of confusion because of the dissimilarities pointed out by the defendant.
- e. The court stated that the reliance of the plaintiff on the *Parle Products Pvt. Ltd. v. J. P. & Co. Mysore*²⁶, judgment discredits their stance. This judgment emphasizes the importance of similarity of essential features and not just the colour scheme to cause deception or confusion. The essential features contested by the plaintiff formed a part of common industrial practise as stated by the defendant.

V. CONCLUSION

Fast moving consumer goods industries rely heavily on brand recognition and brand loyalty for their success. The customers recognize and associate the goods or services with a

²⁶ 1972 SCC (1) 618

particular brand or company through trademarks. In order to attract customers and to make an impression in their memory, the overall appearance and get up of the trademark plays a pivotal role. It is because of this reason that companies tend to copy the look or appearance of other popular brands to gain undue advantage of their goodwill and reputation. The action for statutory tort i.e., infringement or common law tort i.e., passing off are maintainable in such cases only when there is deceptive similarity or likelihood of confusion. The honourable Delhi High Court has analysed the determining factors of deceptive similarity and rejected the claim of Britannia Company based on the starke dissimilar features of the two packages. It is however, important to concede the judgment of *ITC Limited v. Britannia Industries Ltd*²⁷, when the Delhi High Court, itself found the packaging of biscuits of Britannia Industries deceptively similar to the ITC Ltd. biscuits packaging. The Court further observed that “the very colour scheme of the wrapper with yellow colour on the left and blue on the right, and the positioning of the letters ‘no sugar’ above and ‘no maida’ below are strikingly similar.” It is not disputed that the test of deceptive similarity is not conclusive and it varies according to the facts of each case. However, Court should apply the same legal propositions in cases involving similar facts.

²⁷ 2016 (68) PTC 11 (Del.)