

# The definition of a trademark and goodwill



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## 1. INTRODUCTION

- Definition of trademark

Any company has the right to take legal action if enough evidence is provided to the court. The company that feels infringed can take legal action supported by the principles of intellectual property rights. Company X has the rights to take legal action against company Y on the basis of fundamental principles under intellectual property rights. Company X is a manufacturer of cool soft for men under the trade mark as cool soft as the first company to register under such a distinctive name. Company Y also starts to manufacture real soft for men under the trade mark real soft after company X is already trading. Trade mark by Yu,(2007), is defined as any word, name, symbol or device or any combination thereof used by a person to identify and distinguish his or her goods from these manufactured or sold by others and to indicate the source of the goods.

In the case of *laximikant Patel vs Chetan bhat shah*, it was held that the trade the definition of trade mark is very wide and means a mark capable of being represented graphically and which is capable of distinguish the goods and services of one person from those of others. In this case company X has come up with a distinctive name as it trademark as the source to all consumers or as a source of such a product. Company X coming up with a name trade mark that is totally different from any other company.

Furthermore, what is necessary is the connection between the mark used in relation to the goods and the person claiming a right to use the same.

Recently in the case of *Jaleel Associates vs Hotel sugar*, it was held that if a

name used in relation to goods or services for the purpose of indicating a course of trade between goods and services and some person having the right to use such name whether with or without any indication of the identity of that person such name is a trademark. In this case, company X under the trademark cool soft is able to portray a certain that of trade and under such a trade, people are able to identify the trade or goods or services that are being provided and this becomes a trademark. On the other hand company Y does not come up with something different but follow in the same trade as company X which has already have the trade mark because of being able to make easy identification to customers on goods or services being provided in that particular market.

In addition, company X has also registered the trade mark cool soft. Under the Trade Mark Act section 14(1) provides that a mark will only be registered as a trade mark if it contains or consists of a word or words having no direct reference to the character or quality of the goods and not geographical name or surname. In this case company Y's trade mark real soft has a direct reference to the trade mark of company X which is prohibited under the Trade Mark Act.

## 2. Goodwill

The goodwill of company X is portrayed were the cool soft has been marketed over a period of time, whilst company Y has just started manufacturing. Goodwill is ability to attract customers and potential customers to do business with the owner. Company X has developed goodwill for a long period of time. Customers have been buying their

products, and this has made the company to amass for revenue, maintaining a bigger market share and brand loyalty. Unlike company Y who are just new to the business and has not been tested in the industry for a longer period. In the case of Hotel Capriani vs Cipriani (Grosvenor street) 2010, it was held that the claimant succeeded in both action sued which were trademark infringement and passing off. Company X has the right to take such legal actions.

The aspect of marketing the product for a long period of time has made company X to be an established company, trusted by many people and therefore the sufficient enough to take legal action. In the case of Jules Rimet vs the football Association, it was held that after considering the claimant's evidence which included references to the mascot in the press from time to time concluded that there was sufficient residual goodwill for action of passing of.

Apart from this, in the case of Reckitt and Coleman products Ltd vs Borden Inc, it was held that the existence of the claimant's extensive and exclusive goodwill built over the years, a misrepresentation as to the goods or services offered by the defendant and damage to the claimant's goodwill as a result of the defendant's misrepresentation amounted to passing off. Company X has built a reputation over the years and company Y by producing a product similar has somehow destabilize the sales, customers and market share of company X which in the case above amounts to passing off.

Passing off is an attempt by one trader taking advantage of the goodwill developed by another to the detriment of the trader. Company X has

marketed over a period of time and company Y has just started manufacturing similar products like the ones that company X is manufacturing. In a similar case *Erven Warnink Bv vs J Townsend & Sons Ltd (1979)*, it was held that not only damage due to lost sales but damage to reputation by being associated with inferior product amounted to passing off. Townsend was liable for passing off their goods as those of Warnink and the court applied the test for passing off which includes and any situation where misrepresentation is likely to injure the claimant's goodwill. There was no trademark infringement but passing off.

In order for one to claim passing off, there must be elements of the following aspects:

- There must be a goodwill or reputation attached to the goods or services of the claimant. In this case company X has marketed its product over a long period of time than company Y which has just started marketing same products. By marketing for a long period of time, company X has built a good relationship with customers. Sales have dropped due to company Y producing the same kind of product thus driving away customers to buy the other product and reducing the profitability of company X. This gives the right for company X to take legal action against company Y as this amounts to passing off. In the case of *Buckley LJ H P Bulmer Limited vs Bollinger SA (1978)*, the court

held that a man who engages in commercial activities may acquire a valuable reputation in respects of the goods in which he deals, or of the services which he performs or his business as an entity. The law regards

such a reputation as an incorporeal piece of property, the integrity of which the owner is entitled to protect.

So in this case, company X has built a reputation by marketing for a long period of time and by such the company's image, property and reputation are entitled to be protected.

- For passing off to be established there must be an element of misrepresentation. This element of misrepresentation is shown by company Y when manufacturing the products with similar packaging in white, dark blue and green colors as the ones that company X has manufactured for a long period of time. Misrepresentation is a false description made consciously or unconsciously through the use of a mark, trade name or get-up (brand name, trade description, individual features of labelling or packaging) with which the goods of the claimant are associated and which is likely to mislead the sensible members of the public.

### 3. 0 Misrepresentation

- In the case of Arsenal Football Club Plc vs Reed (2001), it was held that the disclaimer was sufficient enough to prevent misrepresentation which is a necessary ingredient for passing off. The customers had not been deceived into buying and there was no real likelihood of confusion. But in this case company Y has labelled its product similarly to the ones of company X thus creating confusion as customers would not be able to differentiate from the original product hence deceiving customers.

- The deception as a result of a misrepresentation is an essential ingredient for a claim in passing off. In the case of BP Amoco Plc vs John Kelly Ltd (2005), it was held that deception or its likelihood lies at the heart of the tort of passing off. If the customer can see sufficiently clearly when he gets close to the station that the product sold is not that of Bp, he does not buy the

petrol under the mistaken impression that he is getting Bp petrol. But in this case it is hard for a customer to clearly see the difference as the packaging of company X is white, dark blue and green, similarly to the one that company Y has started manufacturing. The packaging looks the same and this causes deception as company Y would be selling its product to customers who might buy on the essence that the product they are buying is for company X which has been manufacturing the product for a long period of time. By doing so company Y is deceiving customers into buying a product which is not the actual known product in the market which is manufactured by company X. This still amounts to passing off as company X is entitled to take legal actions under such circumstances.

In the case of Combee international v Scholl (1975), the plaintiff manufactured insoles called odox heaters which contained activated charcoal. The defendant who was a well-known manufacturer of footwear also produced odox heaters. These were packaged in the same way. It was held that an injunction was granted on the basis that there was misrepresentation as the origin of the defendant's product which was inferior. So in the same way company X can take legal actions against company Y because company Y is packing in the same way as the product of

company Y is sold. Furthermore in the case of *Wilkinson Sword Ltd vs Cripps & Lee*, the court held that the plaintiff had indeed have a reasonable cause of action. Meaning company X has the right to take legal actions.

### 3. Damage to good wil

Damage to good will would be a loss of reputation or control over reputation, exposure to litigation or erosion of the mark. Company Y has just started making similar goods as the ones made by company X. This has resulted in some of the customers buying from company Y thus reducing the gross profit for company X because the two companies share customers. In the case of *Annabel's (Berkley Square Ltd vs G Shock (Annabel's Escort Agency), 1972*, it was held that there a was sufficient association between what the public would consider the field of activity in which both business conducted