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Trade Name : Whether a Trademark?

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Over a period of time, new terms have been added to the legal dictionary of intellectual property rights so as to widen its scope. One such addition is the term “Trade Name”. Generally, a Trade Name means the name of the organizations or individuals which is used in business activities to distinguish the business entity bearing such a name from other business entities engaging in the same field. For e.g., the cola giant Pepsi is incorporated as “PepsiCo” which is its Trade Name.

According to WIPO, a Trade Name is generally required to satisfy the following criteria:

1. It should consist of a proper name, except where it has been widely known as a result of use;
2. It is not identical with or confusingly similar to another person’s Trade Name prior used in the same field and locality of business; and;
3. It is not identical with or confusingly similar to another person’s trademark or a geographical indication having been protected prior to the date such Trade Name is used.

Trade Name v. Trade Mark

In today’s world, we find certain confusion related to the use of the words ‘Trade Name’ and ‘Trade Mark’. While people have been using them interchangeably, both the words are different and there is a separate set of evidences required for protecting each of them. Now, let us see how both are different.

The formal name of a business is its Trade Name. A “Trade Name” is the official name under which a company does business. It is also known as a “doing business as” name, assumed name, or fictitious name such as PepsiCo, Kirloskar Group of Companies, etc. On the other hand, “Trade Mark” is the name the business uses to market its products and services. A Trade Mark is much more than a name and can also be in the form of symbols, logos, slogans or sound.

A Trade Name does not afford any brand name protection or provide you with unlimited rights for the use of that name. However, registering a Trade Name is an important step for providing protection to the same. A Trade Mark affords protection to your brand name. In most of the cases, for a company, the Trade Name often becomes its Trade Mark. For instance Google is a Trade Name. The company uses the name “Google” as a trade mark on its products/services to distinguish its products/services from other providers. Registration offers additional protection to the Trade Mark.

An important reason for the business houses to distinguish between Trade Names and Trademarks is that if a corporate entity starts to use its Trade Name to identify products and services, then Trade Name is functioning as a Trademark, and abundant caution is required to be taken in such circumstances so that the “new Trade Mark (i.e. the Trade Name)” does not infringe on any existing Trade Marks or Well-known marks.

Cases on Trade Name Infringement

1. Kala Niketan Case[1] – Plaintiff carried on business of dealing in and selling sarees under the Trade Name ‘Kala Niketan’. The Plaintiff had given wide publicity to its Trade Name ‘Kala Niketan’ through newspapers, radio, boarding and other media, and there was huge market for the sarees of the Plaintiff. The Defendant being aware of the popularity of the Plaintiff’s name, adopted the same Trade Name and started business in sarees. The Defendant was served with a notice in December 1977 to stop using the Trade Name ‘Kala Niketan’ but the Defendant did not stop the usage. Further, the Defendant published a caution notice in the Indian Express, dated May 13, 1978 claiming that Defendant firm was the proprietor of the name ‘Kala Niketan’ in respect of trade of all kinds of Sarees and textiles. In the subsequent case, the Court found that the adoption of the Trade Name ‘Kala Niketan’ by the Defendant was to ride on the popularity of the Plaintiff’s Trade Name and granted a decree for permanent injunction restraining the Defendant from dealing in Sarees and other textile goods in the name of ‘Kala Niketan’ or any other identical or deceptively similar Trade Name.

2. Atlas Case[2] – The Plaintiff, M/s. Atlas Cycle (Haryana) Limited, a public limited company, filed a suit for permanent injunction restraining the Defendants from using Plaintiff’s registered Trade Mark ‘Atlas’ as Defendant’s Trade Mark or as part of its corporate name. The Defendant introduced the Trade Mark ‘House of Atlas’ for its bicycles in such a way that the word ‘Atlas’ appeared in a conspicuous fashion whereas words “House of” was depicted in a smaller font which gave a dominant exposure to the word ‘Atlas’. The Court in this case found the Defendant used the said Trade Mark to deceive and confuse the public as to the origin of goods and therefore held against the Defendant.

However the court did not restrain the Defendant from using the said Trade Name. The court instead went against the Plaintiff’s

reasoning that the Plaintiff had raised this issue after 7 years of incorporation of the Defendant Company and that if an injunction is granted, it will cause serious prejudice to the Defendant. The Court held that restraining the Defendant from using its corporate name at this juncture, which it has nurtured for the last more than seven years, would result in a "civil death" for the Defendant.

3. Kirloskar Case[3] – "Kirloskar" is a surname in India. The Plaintiffs were using "Kirloskar"as part of their Trade Name and Trade Marksince 1888 when they started bicycle repair business. Over time, the founders of the company expanded their business and incorporated several companies and all these companies were doing business under the umbrella of the"Kirloskar Group of Companies" which had continuously used the Trade Name and Trade Mark "KIRLOSKAR" over several years.
In this case, the Appellants want to trade on the reputation of the 'Kirloskar Group of Companies' and also on the goodwill of the Trade Mark 'Kirloskar'. The case was referred to the District Court of Pune who passed an interim injunction which restrained the defendants from using the word "Kirloskar" as a part of their corporate name. The defendants then appealed to the Bombay High Court against the order of the District Court Pune. The Bombay High Court, after considering many case laws, both national and international, held that a company can be prevented from using another's Trade Name which has acquired reputation and goodwill. Accordingly, the Court rejected the defendants' appeals and affirmed the order of the District Judge.

Protection of Unregistered Trade Names in India: Passing Off Action

The reputation or the goodwill of the business is often attached to the trade name which is protected by courts. As law puts it – "no man is entitled to carry on his business in such a way as to represent that it is the business of another, or is in any way connected to the business of another."[4]

The law of passing off applies whenever there is the prospect of confusion between two names or marks and get-up or where there is the prospect of confusion of identity through the unauthorised use of similar names or marks or get-up.[5] The main function of Passing Off is to act as a remedy for unregistered Trade Names in cases of deception or confusion.
In a passing off action, the registration of trade name or a similar mark is irrelevant. Here, the priority in adoption and use of name or the trade mark is superior to priority in registration. Generally, protection against passing off of goods/services is granted where the parties are engaged in the trade of the same or similar products or closely related products and services. The essential elements to avail the remedy of passing off are:
1. Goodwill: Plaintiff is required to establish before court his goodwill or reputation
2. Misrepresentation: Plaintiff needs to demonstrate a misrepresentation by the defendant
3. Damage: Plaintiff to demonstrate that he suffered or he is likely to suffer damages by reason of defendant's misrepresentation

Selecting Trade Name – A Cautious Approach

Misconception as to the legal nature of Trade Names can have drastic implications, in particular for smaller enterprises.
It has sometimes been wrongly believed that a Trade Name confers a proprietary right in that name to its holder akin to the protection offered by registration of a Trade Mark. Based on this misconception, the sole proprietor or company promoters may forgo Trade Mark registration which they would have otherwise sought. Generally, one can find such confusion more among the SMEs (Small & Medium Scale Enterprises) and small companies. The aforementioned entities need to clearly understand that without registration as a Trade Mark, a Trade Name is unprotected.

Another situation is that, entities or individuals operating the Trade Names may be unaware that the use of their business or company name could infringe someone else's Trade Name or any registered Trade Mark. If this Trade Name infringes someone else's registered Trade Mark or a famous Trade Name, the business or company concerned may be required to forgo use of their Trade Name. This can cause loss of reputation in the market. Further, business or company will have to re-brand which inevitably involves considerable expenses. Further, the business or company may even be liable to pay compensation to the party whose rights have been infringed.
Any entity or business adopting a Trade Name has to primarily check whether the said name infringes another's Trade Mark or a well-known mark or a popular Trade Name at the very inception rather than getting fingers burned at a later stage.

[1] *AIR 1983 Delhi 161*
[2] *146 (2008) DLT 274*
[3] *AIR 1996 Bom 49*
[4] *(1924) 41 RPC 271*