DAMAGES AND REMEDIES OF TRADEMARK INFRINGEMENT: A STUDY OF INDIAN JURISPRUDENCE

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ABSTRACT

The Origin of trademarks can be traced back to ancient trade practices wherein symbols and marks were used to distinguish goods and ensure authenticity. Trademark was first statutorily recognised in the year 1940 when the Trademarks Act of 1940 was passed during British rule. Later, in order to comply with the TRIPS regulations, the Trademark Act of 1999 was passed, which is presently the law governing trademarks in India. The protection of a trademark is vital as it embodies reputation, consumer trust and also the goodwill of the proprietor. Their infringement causes harm not only to the owner but also to the consumers of the product or services, and thus, a wide range of remedies is provided for infringement under the Indian legal system. Indian jurisprudence has evolved from granting the injunctive reliefs to imposing hefty compensatory and exemplary damages. This research, through a doctrinal study aims to examines the damages and remedies available for infringement of trademarks in India. Through an analysis of statutory provisions and the judicial trends, it highlights the challenges in quantifying the loss sustained and, lastly, provides suggestions for the contemporary challenges.

Keywords: trademark infringement, passing off, injunctions, punitive damages, exemplary damages, compensatory damages.

CHAPTER I

1.1 INTRODUCTION

In today's era, the protection of intellectual property rights occupies a pivotal position and particularly the protection of trademark, which serves as a crucial mechanism for protecting the commercial identity, competitive distinctiveness and the goodwill of an enterprise. In today's globalised economy, which is marked by increased cross-border trade, advanced branding techniques, and the growth of e-commerce, trademarks have changed from being simple origin indications to sophisticated economic assets that may command significant market power. Thus, the infringement of the trademark of an enterprise not only dilapidates the brand value but also disrupts market dynamics.

In India, the law governing trademarks, is codified under the Trademarks Act, 1999. The Act aligns the domestic law with the international norms set under the TRIPS agreement and other international conventions. The said Act not only lays down the substantive rights of the trademark holder but also provides for the remedies for infringement of their rights. However, the computation of damages and remedies in trademark infringement has emerged as one of the evolving aspects of Indian jurisprudence. Indian courts have oscillated between the principles of restitution, deterrence, and proportionality, reflecting a jurisprudential tension between the conservative compensatory remedy and to assertive grant of exemplary remedy.

The remedial landscape encompasses both the legal as well as equitable forms of relief, including injunctions , destruction or delivery of infringing goods, rendition of accounts, compensatory damages, and, in certain cases, punitive damages or exemplary damages. Judicial discretion plays a decisive role in determining the quantum of these remedies. The factors which influence such a decision include the scale of infringement, the intention of the infringer, the extent of harm caused to the right holder, and the consideration of public interest.

1.2 RESEARCH METHODOLOGY

This study incorporates a doctrinal research methodology to examine the remedies available for trademark infringement in India. It primarily focuses on the interpretation of statutory provisions and judicial decisions and covers both civil and criminal remedies**,** including injunctions, damages, accounts of profits, delivery-up of infringing goods, as well as penal provisions under the statute.

1.3 RESEARCH OBJECTIVE

1. To analyse the remedies for infringement of trademark under the Indian legal framework

2. To evaluate the adequacy of the existing system of remedies and damages.

3. To critically examine the statutory and the judicial framework.

1.4 RESEARCH QUESTION

1. What are the remedies available for infringement of a trademark in India?

2. How do Indian courts quantify damages and the judicial trend in awarding damages?

1.5 LITERATURE REVIEW

1. **D.P. Mittal- "Law Relating To Trademarks Passing Off And Geographical Indications Of Goods[1]"-** the author deals with law of trademark, passing off. The author further highlights the remedies provided under the trademark act of 1999 for infringement of marks and their judicial interpretations.

2. **Rahul Kapoor "Remedies Against Trade Mark Infringement: Are Civil Remedies Effective?[2]"** the paper deals with remedies for trademark infringment and analyses how effective these remedies are in current era.

CHAPTER II

2.1 CONCEPT OF TRADEMARK INFRINGEMENT

Infringement refers to the violation of a rule or law. In the intellectual property context, it means the violation of the exclusive right of the owner of intellectual property. The infringement of a trademark occurs when an unauthorised user uses the registered mark or an

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[1] D.P. Mittal- "Law Relating To Trademarks Passing Off And Geographical Indications Of Goods" edition 2022
[2] Rahul Kapoor "Remedies Against Trade Mark Infringement: Are Civil Remedies Effective" ISSN 2581-5504 (Vol 2 July 2018)

identical or similar mark which is likely to cause confusion in the minds of the public. The Trademark Act, 1999 provides for a specific provision for infringement, it states under section 29[3] that the infringement may be proved "when-

- The infringing mark is identical to or deceptively similar to the registered mark.
- The infringing goods or services are identical or similar to those for which the mark is registered.
- The use of the mark is likely to cause confusion or indicate an association with the registered proprietor."

2.2 Ingredients of Trademark Infringement[4]

1. Registered Trademark- the owner of the mark is protected only when the mark is registered in the trademark office of India.
2. Identical or Deceptively Similar- The term identical or deceptively similar refers to the notion that an average consumer or buyer may be unable to distinguish between the marks or that it causes confusion in the minds of the general public.
3. Unauthorised use of Trademark – if a registered mark is used by an unauthorised person without the permission of the owner, it is considered the infringement of trademark.
4. Confusion in the minds of the average buyer- It is essential that an average buyer or consumer is likely to be thrown into a state of confusion by the product or the services, that such a product or services are linked to the registered trademark.
5. Unfair advantages- It refers to an unfair gain or illegal gain by utilising the assets of another entity. Trademark infringement occurs when an unauthorised user uses the registered mark and takes advantage of it, either monetarily or in terms of market position.

[3] Trademark Act, 1999 section 29 (Act 47 of 1999)
[4] Infringement of Trademark https://ijlmh.com/wp-content/uploads

CHAPTER III

3.1 REMEDIES IN TRADEMARK LAW-

In Indian legal jurisprudence, the infringement of a trademark is a cognizable offence, meaning that the infringer may face criminal charges along with civil liability. Section 135 of the Trademarks Act 1999[5] provides for the power of the courts to grant relief in cases of infringement or passing off; these remedies include injunctions, damages and account of profit. Other remedies include administrative remedies, such as surrendering infringing goods or destruction of infringing goods.

3.1.1 The civil remedies available to the trademark owner are as follows:

1. **Injunctions-** An injunction is the order of the court that mandates a person to do or refrain from doing something. It can be mandatory or prohibitive, or permanent and temporary in nature. The trademark act under section 135 deals with grant of relief in suits for infringement, these reliefs include injunctions, or other interlocutory orders.

a. Temporary Injunction – A temporary or interim injunction is granted during the pendency of the proceedings. These are regulated under CPC, 1908, the order 39 rule 1 CPC provides that the court may grant temporary injunction and the civil court under its inherent power under section 151[6] in order to do justice may grant any order. The principles governing the grant of interim injunction were laid down in the case of Mrs. Angela John S. Rao vs N. Lakshminarayana[7] , wherein the court held that the considerations for granting temporary injunction are-

   Since a temporary injunction is discretionary in nature, the court will see if a prima facie case is made in favour of the applicant. This is sine qua non.

   Secondly court will see if the balance of convenience is in favour of the applicant, that is, if the legal right of the applicant is infringed, and in all probabilities, he will

[5] Trademark Act, Section 135 (Act 47 of 1999)
[6] Civil Procedure Code, 1908, section 151 (Act 5 of 1908)
[7] (1978 Lab IC 1139)

win in his action ultimately.

Lastly court has to check if the relief is not granted, would it cause an irreparable loss to the applicant.

b. Mandatory- a mandatory injunction is one wherein the court requires a party to perform a certain act. In the landmark case of Cadbury India Ltd v. Neeraj Food Products[8], the court awarded a permanent and mandatory injunction. The details of the case are as follows-

   Cadbury India Ltd, the plaintiff in the present case, filed the suit against the defendant seeking a permanent and mandatory injunction. It was alleged that the defendants sold chocolates with the trademark "James Bond", which was deceptively similar to Cadbury's "Cadbury Gems" with similar packaging and was inspired by the famous and registered copyright "Gems Bond". Plaintiff also alleged that by doing so, the defendant was causing confusion in the minds of buyers.

   The High Court of Delhi decided in favour of the plaintiff. The court ordered a permanent and mandatory injunction and, along with this, awarded damages of Rs 10 lakhs to the plaintiff.

c. Prohibitory- A prohibitory injunction, as the name suggests, prohibits a party from doing a certain act or, in other words, orders to maintain the status quo.

d. Permanent- A permanent injunction is the order which is granted finally by the court, which mandates the person to do or abstain from doing the act for perpetuity or permanently.

Apart from these, there are certain other equitable reliefs like:

a. John Doe orders- the origin of John Doe orders can be traced back to the era of King Edward III of England, wherein such orders were used to refer to unidentifiable defendants. This law was later adopted by the USA and Canada, and recently by India, better known as the Ashok Kumar orders.

[8] Cadbury India Ltd v. Neeraj Food Products 142 (2007) DLT 724

John Doe orders are granted wherein the defendant is unknown, thus it allows the aggrieved to sue unidentified infringers. These are granted ex-parte, since the defendant is unknown. However, in order to obtain such an order, the plaintiff has to make a full disclosure of the existence of his rights, has to establish a prima facie case and must prove that irreparable harm will be caused if the relief is not granted.

This order is granted under Order 39, Rule 1and 2 of the, read with section 151 Civil Procedure Code and the Specific Relief Act Part III Chapter VII – permanent injunction.

b. Anton Piller orders – Anton Piller order originated in the case of Anton Piller KG v. Manufacturing Processes Ltd, a 1976 decision of the English Court of Appeal. It was established as an extraordinary remedy permitting the plaintiff to inspect the premises of the defendant or the infringer without any notice in order to prevent the destruction of evidence by the infringer and evade the liability. Such an order is required to be passed with extreme caution; thus, the courts have to have complete disclosure of the claims of the plaintiff.

2. **Damages and account of profit** – In a suit for infringement, the plaintiff can be granted with either one of the remedies that is either damages or account of profit, but not both. Damages are the monetary compensation ordered by the court of justice to the decree holder to be paid by the judgment debtor. In an Account of profit, the infringer is ordered to return all the unlawful gain he made by infringing upon the rights of the plaintiff. In computing the account of profit, the actual loss suffered by the plaintiff due to the sale of infringing goods by the defendant is taken into account and not the damage suffered by the plaintiff.

   The Delhi High Court, in the case of Hero Honda Motors Ltd v. Shree Assuramji scooters[9], made a distinction between punitive damages and compensatory damages. The court classified damages into three heads: compensatory damages, punitive damages and damages due to loss in goodwill and reputation. Thereafter, these classifications of damages have been used by the courts all over.

[9] Hero Honda Motors Ltd v. Shree Assuramji scooters 2006 (32) PTC 117 (Del.)

a. Nominal damages- nominal damages are awarded when there is an infringement of the mark of the plaintiff, but actual loss suffered cannot be proved. These are, as the name suggests, not hefty in nature.

b. Compensatory damages- compensatory damages are awarded to compensate for the actual loss suffered by the plaintiff due to the infringement. The quantum of these damages depends on various factors such as the defendant's business tenure, actual loss incurred by the plaintiff due to infringement, profit earned, etc.

c. Punitive or exemplary damages- punitive or exemplary damages are awarded in cases where there is malicious intention and wilful neglect or reckless disregard of the right of the trademark owner. These are awarded in order to punish the defendant and to deter the infringer and others from committing such acts in future.

QUANTIFICATION OF DAMAGES- The remedy for infringement or passing off of a trademark is damages, and one crucial question remains: the amount of damages. The courts in India undertake the pivotal task of determining the appropriate damages based on various factors, these factors include the severity of infringement, loss caused to the aggrieved party, harm to the reputation or goodwill of the party and unjust enrichment to the defendant.

Case: "Cartier International AG v. Gaurav Bhatia[10], in this case, the high court of Delhi awarded the highest ever punitive damages of Rs 1,00,00,000 to the plaintiff and also granted a permanent injunction against the defendant. The plaintiffs in this case were Cartier International AG, Officine Panerai AG (proprietor of the trademark Panerai), and Richemont International S.A. (proprietor of the trademarks Vacheron Constantin and Jaeger Lecoultre), having a significant presence in India. It was alleged that the defendant, an e-commerce company, was selling counterfeit products bearing the plaintiff's trademark. During the search of the defendant's premises, infringing goods were seized. After considering all the evidence, the court found the defendant guilty and awarded compensation and an injunction to the plaintiff."

[10] Cartier International AG v. Gaurav Bhatia (2016) 65 PTC 168 (Del)

Case: "Puma Se V. Ashok Kumar Trading As R.K. Industries [11] , the High Court of Delhi awarded compensation to the German multinational corporation, Puma, in the trademark infringement suit against the company manufacturing products under the trademark of Puma. The court here calculated the profits that would have been earned by the defendant from selling the infringing goods and thereby imposed damages of Rs 1 million on the defendant."

In the case of "Haldiram India Pvt Ltd v Berachah Sales Corporation & Ors,[12] the court awarded exemplary damages to the plaintiff. The case involves malicious infringement of the food products of a well-known brand, and the defendant also abstained from appearing before the court. The court awarded compensation of Rs 5 million as actual and exemplary damages."

The grant of punitive or exemplary damages must be based on the satisfaction of the factors laid down in the seminal decisions of the House of Lords in "Rookes v Barnard and Cassell & Co Ltd v Broome". The court noted that the award of punitive and exemplary damages must be resorted to only where the court is satisfied that actual damages awarded for the defendant's wrongdoing are inadequate in the circumstances. This reasoning by the two-judge bench has formed the basis of many subsequent courts in deciding against granting exemplary damages. As such, it can be said that the award of exemplary damages can only be in addition to, but never in substitution of, an award of actual damages.

In the landmark case of Microsoft Corporation v. Deepak Raval[13], "the High Court of Delhi held that the rationale for compensatory damages is to make up for the loss suffered by the plaintiff, and the justification behind punitive or exemplary damages is to deter the wrongdoer and others from committing such wrongful acts."

A distinction needs to be drawn between the compensatory and exemplary damages. Compensatory damages are awarded to compensate the plaintiff against the loss suffered by him, while the punitive damages are aimed at deterring the wrongdoer and others from indulging in such unlawful activities. However, the case of Time

[11] 2023 SCC OnLine Del 6764
[12] 2024:DHC:2517
[13] CS (OS) No 529/2003

Incorporated v. Lokesh Srivastava[14] was the turning point for granting damages in trademark infringement when the court ordered punitive damages along with compensatory damages.

3. **Delivery-up / destruction** – the court may order delivery up of the infringing goods which are labelled with the brand name of the registered trademark, for its destruction or disposal. In cases of infringement of trademark of services, the court is given the power to stop the services instantly.

Criminal remedies:

The Act, provides for the provision of criminal remedies for infringement of a registered trademark. The criminal remedies are available only for infringement and not in the case of passing off, since passing off is a tort and thus a civil wrong. Section 102 of the Act lays down the offence of falsification of a trademark, meaning a trademark which is falsely applied to goods or services.

The relevant provisions of criminal remedies are as follows-

1. Section 103- It provides for "a penalty for applying a false trademark, trade description, etc"

2. Section 104- It provides for" a penalty for selling goods or providing services to which a false trademark or false trade description is applied."

3. Section 105- It provides for "an enhanced penalty for a second or subsequent conviction."

4. Section 106 – It provides for "Penalty for removing piece goods, etc., contrary to section 81"

5. Section 107- It provides for "Penalty for falsely representing a trade mark as registered"

6. Section 108- It provides for "Penalty for improperly describing a place of business as

[14] Time Incorporated v. Lokesh Srivastava 2005 (30) PTC 3 (Del)

connected with the Trade Marks Office."

7. Section 109- It provides for "Penalty for falsification of entries in the register"

Common law remedy:

1. Passing off- Passing off is a common law remedy which offers protection to the marks when others pass off the goods through misrepresentation as their own.While the remedy of passing off is not defined under the Indian trademark legislation but section 27 of the act does recognise this common law rights of the trademark owner. Passing off occurs when a trademark is used by a person in such a way as to mislead the public or cause confusion that the alleged product or service is of another person.This misrepresentation can harm the goodwill of the legitimate owner of the trademark. The hon'ble Supreme court of india in the case of "Satyam Infoway Ltd. Vs Sifynet Solutions(P) Ltd.[15] held that there are three elements of passing off which are- prior use, likelihood of deception, and loss or likelihood of loss." Thus what is required in passing off is the exixtence of a reputation or goodwill, and injury to the reputation through misrepresentation which may be innocent or deliberate. Further the passing off remedy is independent of registration of mark. It is essentially an action for deceit and the common law rule is that "no person is entitled to carry on his or her business on pretext that the said business is of that of another.[16]"

   In case of "Daimler Benz Aktiegesellschaft v. Hybo Hindustan[17], the petitioners used the word Benz for a very high priced and extremely well engineered cars and defendants used the same name to undergarments, the court held that none should be continued to be allowed to use a world fame name to goods which have no connection with the types of goods which have generated a worldwide reputation."

Administrative Remedies

1. Trademark opposition- it means opposing a mark similar to a registered mark. It is done as a preventive measure by a third party or the owner of the registered mark in order to

[15] (2004) (6) SCC145
[16] (2002) 3 SCC 65
[17] AIR 1994 Delhi 239

stop registration of a similar mark.

2. Trademark correction- it means that a registered mark can be rectified or corrected if such a mark is wrongly remaining in the register of trademarks. The relevant party has to file an application requesting the cancellation or rectification.

ANALYSIS-

The Indian legal system on the damages and remedies for infringement of trademark, although uneven, shows a gradual evolution. A shift can be seen from a conservative injunction-centric approach to a more robust remedial measures which incorporates compensatory, punitive and exemplary elements. Initially, Indian courts have inclined towards permanent injunction as the ultimate primary relief, with damages only awarded in a nominal amount. This can be attributed to the fact that the plaintiff has the burden to prove the actual loss, and also to the reluctance to adopt more aggressive damages quantification. In the case of Hero Honda Motors Ltd. vs. Shree Assuramji Scooters[18], the Hon'ble High Court of Delhi granted a permanent injunction against the defendants for using the plaintiff's mark HERO HONDA. The court awarded the plaintiff damages and the cost of the proceedings as well.

The turning point in this regard is seen in the case of Time Incorporated v. Lokesh Srivastava[19] (2005), where the High Court of Delhi awarded punitive or exemplary damages, showcasing a shift towards a deterrence-oriented approach. However, inconsistencies have been observed in the subsequent cases where the courts again awarded conservative reliefs due to inadequate proof of loss.

In the case of Rickitt Benckiser vs Hindustan Unilever Ltd.[20], the High Court of Delhi held that exemplary damages should be awarded only when the specific factors as laid down in the case Rookes Vs Barnard[21] are fulfilled. The court opined that exemplary damages should be awarded only in cases where the general damages are inadequate to account for the punitive element. This line of reasoning critiqued the Lokesh Srivastava case for advocating punitive damages even without adequate cause. Thus, the judgment emphasised that the courts should

[18] 2005 SCC OnLine Del 1275 : (2006) 86 DRJ 113 : (2005) 125 DLT 504 : (2006) 32 PTC 117
[19] 2005 (30) PTC 3 (Del)
[20] MANU/DE/2964/2021
[21] [1964] 1 All ER 367.

award civil remedies aimed at compensating the aggrieved person rather than punishing the defendant as in criminal law.

In the case of Whatman International Ltd vs Paresh Mehta and ors[22], the High Court of Delhi granted a permanent injunction against the defendants for infringement of the plaintiff's trademark and willful violation of their rights for a period of 25 years. The court applied the principles as laid down in Rookes vs Barnard and awarded the plaintiff exemplary damages of Rs 1.85 crores.

The Hon'ble Delhi High Court in the landmark case of Koninklijke Philip NV and anr vs Amazestore and ors[23], laid down guidelines for awarding damages in case of infringement of intellectual property in the lines of precedent from Rookes vs Barnard and Cassell and Co. Ltd vs Broome[24]. The court held that the degree of malicious intent is the decisive factor for determining the nature and amount of the damages.

The limitation here lies in the absence of effective legislation or statutory guidelines for calculating damages. The courts have time and again evolved the directions; however, having to rely on approximations does not give a clear picture. Further, the ex parte orders, although they grant a swift remedy yet there exists the risk of overcompensation.

CONCLUSION

The Indian jurisprudence as to remedies and damages in trademark infringement stands at a crossroads. There is no doubt that the legislative framework aligns with the international standards; however, the judicial application of the law remains inconsistent. There are inconsistencies and often a failure to deliver the twin objective of compensation for the actual loss and deterrence.

The study highlights that the damages are not merely a postscript to the finding of infringement; they are central to the integrity of trademark protection. Without predictable and proportionate remedies, the deterrent value of trademark law is diminished, undermining both commercial innovation and consumer trust.

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[22] CS (COMM) 351/2016 & I.A. 5235/2018
[23] CS (COMM) 737/2016, I. A. 7469/2016, CS (COMM) 1170/2016, I.A. 2685/2017 and 16768/2018, decided on April 22, 2019
[24] [1972] AC 1027

SUGGESSTIONS

Based on the above doctrinal study following reforms are proposed:

1. The framework for the infringement of trademark in India should incorporate restorative as well as preventive deterrence.

2. The legislative framework must be amended to inculcate clear guidelines for quantifying damages.

3. The adjudication of IP matters must be done by the special IP bench, which should comprise of experts of the field. It will ensure better adjudication of the dispute.

4. Finally, the legislative Framework should evolve with the digital evolution. Laws should keep pace with society; otherwise, the wrongdoers will find loopholes and exploit them to their advantage.

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