

BURNISHED LAW JOURNAL

Amisha Priyadarshi

Amity Law School, Noida

JOINT OWNERSHIP OF TRADEMARK- CONSUMER PERSPECTIVE

EVOLUTION OF TRADEMARK

India being one of the oldest countries in the world, with a population of approx 1.3 billion people, is enriched with different cultures, diversities living together. There was a monarchy system all over the country, having rulers of small-small states with their own languages, symbols and beliefs. Earlier, in 27 BCE clay pots were made, on which the X or the star marks was used, but it was slowly changed with the symbols of the dynasty or the symbols used in particular areas. In Indus valley civilization, those people used to have their seals on their belongings. Over the period of time, the importance of trademark increased but the use of the trademark is still the same i.e. it helps the person in identifying the owner and also helps in distinguishing the goods from different manufacturers.

BURNISHED LAW JOURNAL

JOINT TRADEMARK

It is essential for a business to establish its connection with the masses so that it maintains its position in the market. For this purpose, it is essential that a company makes its products compatible with its consumer's taste. The tastes and preferences of the consumers vary diversely from place to place which makes it often necessary for the company to localize its products by bringing in local names for the product with which the concerned audience is able to relate much more. This was the initial reason for the evolution of joint ownership of a trademark. With the shift from the seller-centric approach to consumer-centric approach, companies started to come together in order to establish themselves as a new joint entity which would provide goods and services in collaboration with each other for which they are individually well known in the market. This led to the evolution of joint ownership of a trademark for quantifying the rights of the legal entities with regards to their decision of acting as a proprietor of a trademark.

In many ways, joint ownership of a trademark is the intellectual property equivalent of any general partnership. General partners are jointly liable for the acts of the partnership and are empowered equally to act on the name of the partnership. Similarly, the joint trademark ownership makes all the owners fully empowered to use the mark in their individual capacity for the business. This legal proposition makes a perfect recipe for a plethora of cases.

FAMOUS JOINT TRADEMARKS

The joint ownership of the trademark “SUPER HEROES” is held by Marvel and DC Comics. When the two competitors from the industry of comic books sought for registration of the concerned mark, the US PTO examiner was skeptical regarding allowing the joint ownership due to the subsequent confusions that were liable to arise due to joint ownership. The two publishers decided on attaching the mark along with their brand names that is Marvel Super Heroes and DC Super Heroes. The examiner accepted this contention and the trademark was finally registered in the year 1981 and is in existence since then. In 2001, Sony and Ericsson combined their respective trademarks to make mobile telephones but also maintained their identities as being separate from each other.

It is not at all necessary for two related companies only to jointly own a trademark. Apple and Mastercard have teamed up to create Apple Pay whereby the two have combined their trademarks (logos) as one for the purpose of business. BMW, a company which manufactures luxury cars partnered with Luis Vuitton, a luxury brand of clothes and accessories partnered to create a luggage line.

CONSUMER AND LEGAL PERSPECTIVE

According to Section 2 (zb) of the Trademark Act, 1999, a trade mark can be defined as a **mark** capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours. This definition is interpreted over the period of time by the Hon’ble courts and it is still developing just because of the emerging market complexities and competition which in turn increases the scope of joint ownership of trademark defined under section 24 of the act¹. This section not only decreases the competition in the market but also tries to minimize confusion in the minds of consumers by putting the restrictions on the initial buyers of the trademark. It can help a business venture to

¹ The Trademark Act, 1999

focus on their particular product lines as a result they can maintain trust and positive goodwill in their customers if they want to survive in a long run because at the end customer is the king. But, there is an another side of the coin as well if in case owners no longer wishes to cooperate with each other, it will be difficult for consumers. It is necessary by the courts to apply both visual and phonetic tests, it is also important that the marks must be compared as a whole. The true test is whether the totality of the proposed trademark is such that it is likely to cause deception or confusion or mistake in the minds of the persons accustomed to the existing trademark.²

According to section 24 of the Trade Mark Act, 1999; two or more persons can be a joint owner of the trademark but it is subject to some conditions i.e. the registered trademark under this section should not be used independently by any of the joint owners and the persons who are connected in the course of trade i.e the partnership business where all the partners can use the trademark and will be liable for the acts of each other and other form is of the joint venture which is basically a board term which needs to have a check by the courts in case of any dispute, no partner can deal with any portion of the property as his own nor he can assign his specific item in the partnership property.³ In *SRF Foundation v Sri Ram Education Trust*⁴, the Court emphasized on the importance of shared goodwill which is the desired result of any joint venture. In the case of *Power Control Appliance v. Sumeet Machines Pvt. Ltd*⁵, the court said, that there can only be one mark, one source and one proprietor. It cannot have two origins. The joint proprietors must use the trademark for the benefit of all and not in rivalry and competition with each other. The Madras High Court in the case of *B.S. Ramappa v. V.B. Monappa*⁶ has held that there cannot be honest concurrent use by two separate persons of the same trademark. Getting the trademark registered without an intention to use it in relation to any goods but to make goods out of selling it to others, the right to use it as a commodity would be trafficking in that trade mark and it is to be prevented and prohibited.⁷ In *Re Palmolive*⁸, it was laid down that a mark could not be registered until and unless it is established that the goods or services being dealt with under the mark shall pass through the hands of both the parties which shall be the joint owners..

² Roche and Co. V. Geoffrey Manners and Co. Pvt. Ltd., AIR 1970 SC 2062

³ AIR 1966 SC 1300

⁴CS (OS) No.1980/2014

⁵ (1994) 2 SCC 448

⁶ AIR 1970 Mad 156

⁷ Cycle Corporation of India v. T.I. Raleigh Industries Pvt. Ltd., AIR 1996SC 3295

⁸ (1932) 49 RPC 269, 278

Although there is a difference between licensing and joint ownership in trademark. Licensing does create any confusion in the minds of the customer regarding the brand or product. In the case of *Gujarat Bottling Company*⁹, the court said it is permitted for the registered proprietor of the trade mark to permit a person to use his registered trademark. Such licensing is governed by the common law and is permissible in case the following circumstances are fulfilled:

- (1) The licensing does not result in causing confusion or deception among the public.
- (2) It should not destroy the distinctiveness of trademark, in the eyes of public, continues to distinguish the goods connected with the proprietor of the mark from those connected with others.
- (3) A connection in the course of trade consistent with the definition of trade mark continues to exist between the goods and the proprietor of the mark.

Problems arise when cessation of the joint venture and ownership is to take place. Cessation or termination of joint venture means the dissolution of the entire image and goodwill of the mark generated by its prolonged use. Question of who would then have the right to exclusive use the trademark is often decided beforehand by the parties in agreements. Such agreements usually contain provisions like : One of the owner purchasing the trademark and then licensing it to the other owner so as to provide for independent use of trademark by the two ; devising such mechanism so as to allow exclusive use of the trademark to one party and providing for compensation to the other party; deciding before as to who be the rightful owner of such trademark after termination or selling the trademark to a third party thus dissolving all rights with regards to the trademark to the original owners¹⁰. In *Adanki Narayanappa v Bhaskara Krishnappa*¹¹, the Court held that on the cessation of a joint venture the parties shall have such of their own marks that are different from each other. This is essential so as to prevent confusions in the consumers' minds.

The essential point which often many companies fail to understand is that law permits the co-owners of a trademark to enter freely into contracts on behalf of the ownership. In such a case, the Contract Law will form the base of joint trademark ownership rather than the trademark law.

⁹ AIR 1995 SC 2372

¹⁰Neil Wilkof, *Joint Ownership of a Trade Mark: The Tribulations of Termination*, IpKat (Nov 26 2010) <https://ipkitten.blogspot.com/2010/11/joint-ownership-of-trade-mark.html> (Last visited on 17th April, 2020)

¹¹AIR 1966 SC 1300

In U.S, the courts presume that unless an agreement suggests otherwise, it is the foreign manufacturer who owns the mark¹². Secondly, mere distribution of the goods of a foreign manufacturer is not sufficient to “acquire a right of ownership in the manufacturer’s or producer’s mark¹³.” However the courts have held that this presumption stands rebutted when a distributor gives to the foreign manufacturer any benefit of its name, reputation or style of business¹⁴

MC CARTHEY’S TEST

An important point on joint ownership of trademark is that courts worldwide deal with the issue in an inconsistent and unpredictable manner. Sometimes the cases are resolved as being matters of disputes arising out of contracts. Some courts use the likelihood of the confusion framework while others decide first as to who used the mark first and then resolve the dispute on basis of priority. Problems aggravate when matters related to joint ownership of unregistered trademarks come before the courts. In such cases, the McCarthy’s Test is resorted to by the courts worldwide. It was firstly used by the Third Circuit Courts of Appeal in the landmark case of *Covertch Fabricating, Inc. v. TVM Building Products, Inc*¹⁵. CovertTech Fabricating Inc is a Canadian manufacturer of protective packaging and reflective insulation and TVM Building Products, Inc is a distributor of building materials. In 1998 the two companies agreed to TVM being the sole marketer and distributor of CoverTech’s rFoil insulation products in the United States of America subject to the condition that TVM would refrain from selling competitor’s goods. The agreement was terminated in 2011 when TVM was found violating the condition as aforesaid. Even after the termination, TVM continued its business under the rFoil brand names. The Court in this case found the first use test as being incorrect and devoid of all common sense and resorted to use the test devised by Professor McCarthy. Six factors have been laid down for deciding the cases. These factors include which party (1) was the creator of the disputed mark (2) affixed first the mark on the goods which were to be sold (3) appeared on the packaging and promotional materials in conjunction with the mark (4) had control over the goods’ nature and quality; (5) handled the grievances regarding the product and (6) managed finances related to marketing and advertising of goods. Except for the sixth condition, none was

¹² Global Maschinen GmbH v. Global Banking Systems, Inc., 227 USPQ 862 (TTAB 1985)

¹³ Trademark Manual of Examining Procedure 2018, § 1201.06(a)

¹⁴ *Tactica Int’l, Inc. v. Atlantic Horizon Int’l, Inc.*, 154 F. Supp. 2d 586, 600 (S.D.N.Y. 2001)

¹⁵ Case No. 15-3893 (3d Cir. April 18, 2017)

fulfilled by TVM but were done so by the CoverTech as proved through the records. Hence the court ruled in favour of CoverTech.

STATUS IN OTHER COUNTRIES:

China has not yet set up a joint trademark and defensive trademark registration regime.¹⁶ Although there are TRIPs Agreements in China, which are made to protect the well known trademark from similar goods and services. But, then also there is a need of some established boards for the same. In The United States, as like of India, joint ownership is legal but then it is subject to some conditions attached to it which are ultimately in the favour of protection of the consumers. Most of the cases are dealt by states itself and trademark law in the US is governed by the Lanham Act. In Italy, even joint ownership of unregistered trademark is protected but to some extent. In Brazil, for the protection of trademark whether it is in joint ownership or single joint ownership, it needs to registered first by the registrar office and trademarks like of smell and sounds cannot be registered nor protected. Taiwan allowed for joint ownership of trademark for the first time in 2006 even when the provisions deemed to be necessary in this regard were not incorporated in the Taiwan Trademark Act.

CONCLUSION:

Joint Ownership of trademark is one of the emerging practices in the field of trademark. As compared to law of other countries in respect of joint ownership of trademark, Indian trademark law gives a better and responsive platform for the persons whose trademark is to be protected. Although there should be some provisions in the act itself for the redressal of the consumers and also related to the awareness of the consumers regarding the joint trademark in all those areas where the business is having its distribution because the main aim behind the evolution of trademark laws is to aware the people about the real owner of the goods. Though legal, joint ownership of trademark is discouraged worldwide. The Sixth Circuit in *Yellowbook Inc. v. Brandeberry*¹⁷ concluded that joint ownership in case of any intellectual property be it trademark is disfavored. The reason for it is simple-Questions arising in the courts are full of complexity. Business houses in lieu of expanding business as soon as possible tend to get involved in joint ventures without contemplating on the future

¹⁶ Charles L. Miller, *A Cultural and Historical Perspective to Trademark Law Enforcement in China*, 2 Buff. Intell. Pro. L.J. [v] 93 (2003-2004)

¹⁷Case No. 11-4267 (6th Cir, Feb. 27, 2013) (Boggs, J.)

repercussions in case such a venture is to be terminated. Often it is seen that the courts pronounce decisions on basis of personal discretion of the judges. Whatever the case might be, joint ownership of trademark is essential in the modern business world. Countries need to arrive at some settling position on this point of law as controversies regarding joint ownership of trademark are definitely going to arise much more in the future.

