

## Piracy of Trade Dress and the Law of Passing off: National and International Perspective

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This paper deals with the meaning and connotation of trade dress and growing dimensions with respect to the scope of its definition which has expanded to include hotel design, virtual trade dress, etc. The possible mechanisms to deal with trade dress infringement and protection with respect to passing off are also discussed. The scope of trade dress infringement with respect to passing off has been highlighted by various courts in the US and in a particular case, the US Supreme Court brought passing off protection within the scope of the statute itself. These relevant instances within the US and English laws with respect to passing off cases are examined. Finally, the Indian context, which is largely based upon the UK laws, is reviewed with reference to a recent case law in this regard.

**Keywords:** Passing off, trade dress, trademarks, unfair competition

The term trade dress in general relates to the look and feel of the product or its packaging. In other words, it is the total image and the overall appearance of the product, a form of intellectual property right (IPR).<sup>1</sup> In a world where a brand is the major asset of a corporation, piracy of trade dress can threaten the very livelihood of the business enterprises. The menace of counterfeiting, forgery and piracy of high value get up of the products has become one of the fast growing industries at the local, national as well as at the international level. In this era of globalization, infringement of IPR has become a major problem for its owner.

### Growing Dimensions of Trade Dress

Trade dress was traditionally thought to consist only of the appearance of labels, wrappers and containers, used in the packaging of a product. However, in modern parlance, trade dress includes total look of the product and its packaging, and even includes design and shape of the product itself.<sup>2</sup> Trade dress encompasses total image or overall impression created by a product or its packaging.<sup>3</sup> The concept has wide meaning and includes objects such as cover of a book, a Rubik's cube<sup>4</sup>, shape of classic automobile<sup>5</sup>, etc. Trade dress protection has even been extended to include protection of the overall look of a line of greeting cards.<sup>6</sup> The field of law once referred

to as 'unfair competition by product stimulation' has now been folded into the corner of trademark and unfair competition law, largely known as trade dress.<sup>7</sup> When the alleged trade dress consists of a certain look or style of different packaging for a number of different products, it is more difficult to prove that there is a common denomination among those packages which identifies the plaintiff as the source. However, mere marketing style of doing business is not protectable. The concept of trade dress cannot be extended to give exclusive rights to an abstract image or the marketing theme of a product.<sup>8</sup> Also there is no trade dress pertaining to a mere fashion idea.<sup>9</sup> Trade dress to a restaurant was denied on the grounds that the consumers demand for the concept of 'down home country cooking' was functional and hence not protectable.<sup>10</sup>

### Scope of Trade Dress Protection and Infringement

Competitors have a powerful incentive to copy trademarks that identify successful goods and services. The free-riding competitor is able to capture at little cost, some of the profits associated with a strong trade dress because consumers will assume that the free rider's and the original trademark holder's brands are identical.<sup>11</sup> A tragedy of the commons thus threatens trademark law.<sup>12</sup> To determine trade dress infringement, the infringement must affect the total image or the overall impression of the plaintiff's product, packaging and advertising. The plaintiff's

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product is compared with the corresponding image of the defendant's product. If the defendant's trade dress is strikingly similar to the trade dress of the plaintiff and is likely to cause confusion in the minds of the consumers, then there is a trade dress infringement of the plaintiff. Even if it cannot be said that the defendant has infringed a specific trademark of the plaintiff, this does not control the separate issue of liability under the broader rules of unfair competition through the infringement of trade dress. This can be covered under the law of passing off. There is however, a fundamental distinction to be drawn between trademarks infringement and unfair competition. Trademark infringement rests on a relatively narrow principle as compared to unfair competition.<sup>13</sup> The essential element of a trademark is the exclusive right of its owner to use a word, phrase or a device to distinguish his product.<sup>14</sup> On the other hand, in claim of unfair competition such as passing off, one has to consider the fact that the defendant does something unwarranted, which causes consumer confusion.<sup>15</sup> Copying of trade dress of plaintiff is one such act. Thus, unfair competition exists if total impression of the package, size, shape, colour, design and the name of a product create confusion in the minds of consumers as to the origin of the product.<sup>16</sup> A defendant cannot avoid the liability for unfair competition simply by separating the various aspects of plaintiff's product, packaging and labels and claiming that no one of these is protectable in itself. Thus, the plaintiff can challenge the act of infringement of trade dress from a wider perspective if the action is taken against unfair competition such as the act of passing off.

### **Secondary Meaning: US Courts' Attempt to bring Trade Dress Protection within the Ambit of Trade Marks Act**

In the cases of allegedly confusingly similar use of trade dress packaging, the traditional rule has been proof of secondary meaning as a condition precedent for obtaining protection against such acts under the common law of unfair competition.<sup>17</sup> The plaintiff under this theory had to prove that the public associated the total image of the plaintiff's package with one source.<sup>18</sup> Primarily, the only practical way to develop secondary meaning in trade dress is through advertising. It is advertising that catches consumer attention towards the product feature claimed as trade dress, thus promoting an association between feature

and the source. However, advertising, which promotes functional features of trade dress but fails to promote an association between the product and its source, does not support a finding of secondary meaning. Similarly, secondary meaning cannot usually be proven by advertising merely the pictures of the trade dress but doing nothing to promote and establish an association between the product and the source. If the trade dress is alleged to consist of the overall design of the product itself, then it will take longer to acquire a secondary meaning.<sup>19</sup> Pursuant to the general rule that a trademark needs to only identify a single, albeit anonymous source, to prove secondary meaning in alleged trade dress; plaintiff need not prove that consumers know the name of the plaintiff company. It only has to be shown that consumers associate the trade dress with a single source, irrespective of whether the name of that source is unknown.

Though some cases decided under the US law indicate that secondary meaning is not necessary for trade dress in packaging or display combinations, a majority of cases state that intentional copying of trade dress is surrogate evidence of secondary meaning.<sup>20</sup> The ruling of the Fifth Circuit Court of Appeals in 1981 brought trade dress cases into the mainstream of the trademarks law, holding that trade dress would be categorized in the same way as all other trade symbols, either inherently distinctive or non inherently distinctive.<sup>21</sup> If the trade dress is inherently distinctive, distinctiveness or secondary meaning is not necessary. If the trade dress is non-inherently distinctive<sup>22</sup>, distinctiveness shall be proved through the acquisition of secondary meaning. Majority of the circuit courts have followed the Fifth Circuit and found that inherently distinctive trade dress needs no evidence of secondary meaning in order to establish validity.<sup>23</sup> The US Supreme Court in 1992, resolved the split of authority in the *Taco Cabana* case.<sup>21</sup> It agreed with the Fifth Circuit and held that trade dress is inherently distinctive and is protectable under Section 43(a) of the Lanham Act. The Court, thereby, approved of the move to bring trade dress law into the mainstream of the trademarks law. Product shapes, however, are not inherently distinctive and always require proof of secondary meaning.<sup>24</sup>

### **Legal Issues: US and UK Perspective**

Development of 'own label' brands is a good example of the continuing evolution of the rival

products driven by competition in the market place. Very often, rival products start life as a cheaper version of the brand leader within a particular product sector, using packaging that is a copy of the established brand, but with emphasis on sale by price differential rather than the quality of the competing product/brand. More money is then spent on the quality and trade dress of the enhanced product until successful imitation becomes a brand on its own. The danger for the brand owner in relation to development of competing products is not the competition *per se*, but rather the confusion suffered by the public along with the loss of distinctiveness of the original brand by the look alike packaging. If a particular good belonging to a particular class becomes indistinguishable from its rivals, it in effect turns into a commodity and will therefore sell chiefly on the price.<sup>25</sup> Once a branded product loses its ability to stand out from the other product, either as a result of distinctive trade dress or as a result of brand image, consumers will no longer be willing to pay a premium price to acquire them and as a consequence, market share will fail. The legal issues concerning the protection of trade dress and the lacunae that exists under the current legal regime in UK as well as in US can successfully be illustrated by reference to the 'own label phenomenon'. According to Nielsen, the term is used for a brand name owned by a retailer or a wholesaler for a line of variety of items under the exclusive or controlled distribution.<sup>26</sup> Morris defined 'own label' as consumer products produced by or on behalf of the distributors and sold under the distributor's own name or trademark, through the distributor's own outlet.<sup>27</sup> In the battle of the supermarket shelves between the branded products and own label products, this theory is of great relevance.

The essential elements of an action for passing off can be summarized as need to show a misrepresentation causing damage to the goodwill of the owner of the product.<sup>28</sup> While many brand owners are able to show the goodwill attached to their products with ease, proving distinctiveness of the trade dress of the product can be a complex process. The main attribute of passing off is the requirement on behalf of the owner to show a misrepresentation on the part of the defendant.<sup>14</sup> The basis of passing off being a false representation by the defendant, must be proved in each case as a fact that a misrepresentation was made. Misrepresentation is implied in the use of

or imitation of a mark, trade name or get up with which the goods are associated in the minds of public. In such cases, the point to be decided is having regard to all the circumstances of the case, the use by the defendant in connection with the get up in question impliedly represents such goods to be the goods of the plaintiff or the goods of the plaintiff of a particular class or quality.<sup>29</sup> The idea is to find out whether the trade dress or the get up of the defendant's product is calculated to deceive the consumers as being those of the plaintiff's. In order to succeed in an action of passing off, the plaintiff must not only show that confusion between the two products is possible, but also that the consumer is deceived into believing that the goods of the defendant are actually the goods of the plaintiffs.<sup>15</sup> Confusion alone does not account for passing off if there is no element of misrepresentation, which further deceives the purchasers into buying the copy by mistake instead of the original.

### Protection of Trade Dress in India

In India, trade dress with respect to passing off is protected under the Trade Marks Act 1999 (ref. 30). The Act recognizes the common law rights of the trademark owner to take an action against any person for passing off the goods of the defendants as those of the plaintiffs. The plaintiff has to establish goodwill of the product in the market and association of the trade dress of the plaintiff with the source. It is then required to find that the intention of the defendant in copying the trade dress of the plaintiff is to deceive the general public by making them believe that the source of the goods of the defendants are the plaintiffs'.<sup>31</sup> Lastly, the act of misappropriation has caused a sufficient damage to the goodwill of the plaintiffs. In India, most of the cases regarding trade dress infringement come from the medicine and pharmaceutical sector where the defendants are alleged to copy the get up of the medicine manufactured by the plaintiffs. In the case of *Novartis AG v M/S Wanbury Ltd and Anr*<sup>32</sup>, the plaintiff's prayed that the defendants should be restrained from using a trade dress, which was deceptively similar to the trade dress of the goods sold under the plaintiff's trademark TRIAMINIC. The plaintiff, a Swiss company manufactured and sold cough syrup under the trademark TRIAMINIC or TRIOMINIC. The defendant introduced into the market a product under the trade name CORMINIC in a packaging, which was similar to that of the plaintiff. The court ruled that

the packaging of the syrup CORIMINIC and also the colour, style, fonts, type phase, letters, composition, presentation, etc. was entirely different from that of TRIMINIC. There was also no phonetic similarity between the two. On the issue of the label and the carton, the plaintiff in the design thereof had claimed no copyright. The decision was that, there was no similarity and the court refused to grant any injunction in favour of the plaintiff.

As far as Indian Courts are concerned, in case of product design, establishing consumer predisposition to equate the feature with the source is very important.<sup>33</sup> If there is marked difference in the shapes of the products, the degree of consumer confusion is reduced drastically.<sup>34</sup> Whereas, if the product scheme of the two products reveal marked similarity with respect to the shape of the products, then chances of trade dress infringement increase.<sup>35</sup> Besides ascertaining whether the two products with similar trade dress cause consumer confusion, it is also pertinent to locate the market areas of the two products.<sup>36</sup>

### Trade Dress Infringement: Future Considerations

With the advent of globalization, many important well-known brands are available in the country, which due to advertisement and other means have not only captured the minds of the Indian consumers but also expanded the scope of trade dress piracy. Now, newer vistas such as hotel industry and virtual trade dress on the Internet are falling prey to trade dress infringement.<sup>37</sup> A positive impact could be that these new challenges would fuel further development of jurisprudence of passing off under common law.

This may lead to other ways of looking at passing off and following aspects could become important in future, while maintaining a claim of trade dress infringement under the law of passing off:

'Misrepresentation' could be an alternative or additional criterion to deal with trade dress infringement. This would tackle the problem of look-alike packaging from a completely different angle. Confusion would no longer be an issue. Instead, the question would be one of business ethics, about the honesty and integrity surrounding the design of new products. It would mean that there might be grant of a yet stronger protection with respect to trade dress infringement. Therefore, besides consumer confusion as the test for trade dress infringement, consideration of misrepresentation would also delve into the

question of the reason for doing the act of piracy, which most probably is popularity of the original trade dress.

It is recognized that passing off is wide enough to encompass other descriptive material, such as slogans or visual images which radio, television or other newspaper advertising campaigns which can lead the public/market to associate with a plaintiff's product, and thereby, such descriptive material has become part of the goodwill of the product.<sup>38</sup> This is of equal relevance in the Indian context. The real test in such cases is whether the product has derived from advertising, a 'distinctive character', that is recognized by the market.<sup>39</sup>

Another aspect that can be considered is the market on which the two products are based. The reason why all traders and manufacturers of goods and providers of services wish to protect their goods and build upon their name/mark is because they want their name to have an impact on any one who needs their goods or services, namely to generate goodwill. It is to ascertain that the name or mark would recall to the mind of the potential consumer or user of such services, the source from which the goods originate, or the person who provides the services.<sup>40</sup> Apart from distinctiveness, evidence of 'actual confusion' has to be established while maintaining a suit of passing off with respect to trade dress infringement. If the markets of the two products are different, then consideration might be granted to the defendant.

Lastly, it is also necessary to find out the degree of 'purchaser care' while evaluating the degree of consumer confusion with respect to passing off. A consumer is likely to be more cautious while purchasing a costly and a prominent good such as a car than a cheaper article, for example a milk packet or a pencil box. Consumer confusion could be more in the case of a pencil box than in the case of a car purchase.

Thus, in addition to the existing criteria for trade dress infringement, the above mentioned aspects could make trade dress protection stronger and assist in preventing trade dress piracy.

### References

- 1 *Two Pesos*, 505 US, 764-65 n 1 [quoting *Blue Bell Bio-Med v Cin-Bad Inc*, 864 F.2d 1253 (5th Cir 1989)].
- 2 *Frederick Warne & Co v Book Sales Inc*, 481 F. Supp 1191.
- 3 Going by this definition of trade dress, it would also include features such as colour combinations, textures, graphics or even particular sales techniques. It may include advertising

- materials and the marketing techniques used to promote its sales.
- 4 *American Greetings Corp v Dan Dee Imports Inc*, 807 F. 2d 1136.
  - 5 *Ferrari SpA Esercizio Fabbriche Automobili e Corse v Mc Burnie*, 11 USPQ2d (SD Cal 1989).
  - 6 *Hartford House Limited v Hallmark Cards Inc*, 647 F. Supp 1533 (quoting *Inwood Lab*, 456 US, 850 n10).
  - 7 Darby Michael R & Karni Edi, Free competition and the optimal amount of fraud, *Journal of Law and Economics*, 16 (1) (1973), 67-88, refers to characteristics of a purchase as 'experience' qualities, when they 'can be discovered only after purchase as the product is used', and as 'credence' qualities, which cannot be determined even in normal use after purchase.
  - 8 *Alberto-Culver Co v Andrea Dumon Inc*, 466 F. 2d 705, the 7<sup>th</sup> Circuit Court held that the vague image of a feminine hygiene spray could not be protected as a trade dress.
  - 9 It was held in the case of *Jungle Rags Inc v Rainbow Graphics Inc*, 29 USPQ2d 1074 that a T-shirt with a cartoon drawing of an animal with a flap forming the animal's mouth is not a trade dress.
  - 10 *Prufrock Ltd v Lasater*, 781 F.2d 129 (8th Cir 1986).
  - 11 Landes William M & Posner Richard A, Trademark law: An economic perspective, *Journal of Law and Economics*, 30(2)(1987), 265-309. Landes and Posner equate inspection goods with search goods generally, commenting that in the nineteenth century, a consumer could detect the qualities of such goods at low cost.
  - 12 Since a lot of fake goods are available in the market that are similar in the trade dress with respect to well known and other branded goods, consumers are not too sure about the originality of a particular product. Sometimes, they pick up fake goods thinking them to be original or branded.
  - 13 Trade dress infringement cases accord for a relatively narrower protection with respect to unfair trade practices cases dealt by the help of passing off. In the cases of passing off warranted or unfair act of the defendant, which causes consumer confusion shall be liable. However in the cases of trademark infringement cases, the plaintiff shall have to establish that there has been an objective infringement of the trade marks of the plaintiff. Thus trademarks infringement suit is based upon the 'actual trade marks infringement' where as passing off cases are based upon 'anything that causes consumer confusion'. The former one has thus lesser protection as compared to the later one.
  - 14 Colston Catherine, *Principles of Intellectual Property Laws* (Cavendish Publishing Limited, UK), 1999.
  - 15 *Reckitt & Coleman (Products) v Borden Inc* [1990] 1WLR 491.
  - 16 *Jean Patou Inc v Jacqueline Cohran Inc* 201 F. Supp 861.
  - 17 *Boston Beer Co v Slesar Brewing Co*, 9 F.3d 175 (1st Cir 1993). A packaging or the trade dress for that matter can be considered a trademark if it is distinctive. A distinctive device is one that is capable of distinguishing the goods of the plaintiff from those of the defendant's. A non-distinctive device is one, which merely describes the character or quality of the good. Devices that are fanciful or suggestive are considered distinctive enough to function as trademarks. On the other hand, the device, which is descriptive, can function as a trademark only if it has acquired a secondary meaning.
- By this we mean that even if the dress is descriptive in nature, however, the consumers have come to identify it with the plaintiff, it would mean that the trade dress has now acquired a secondary meaning.
- 18 Bouchoux Deborah E, *Intellectual Property: The Law of Trade Marks, Copyrights, Patents and Trade Secrets* (West Legal Studies, NY), 1999.
  - 19 *Devan Designs Inc v Palliser Furniture Corp*, 25 USPQ2d 1991.
  - 20 *Schol Inc v Tops EHR Corp*, 185 USPQ 754.
  - 21 *Two Pesos v Taco Cabana Inc*, US 120 L.2d 615.
  - 22 Non-inherently distinctive trade dress is that trade dress which is descriptive with respect to the good which it represents. In such a case, an association of secondary meaning in the minds of the consumers between the trade dress and the origin of the goods must be proved.
  - 23 *Blau Plumbing Inc v SOS Fix-It Inc*, 781 F.2d 604. The Court held that no secondary meaning was found for non-inherently distinctive 'location box' used in yellow pages for competitive drain cleaning firm.
  - 24 Gaske William F, Trade dress protection: Inherent distinctiveness as an alternate to secondary meaning, *Fordham Law Review*, 57 (1989), 1123, 1139; *Two Pesos v Taco Cabana Inc*, US 120 L.2d 615.
  - 25 The Economist, 2 July 1994.
  - 26 Nielson Marketing Research is a Dun & Bradstreet Corporation and is the world's largest marketing research organization.
  - 27 Morris, The strategy of own brands, *European Journal of Marketing*, 2 (1971) 13.
  - 28 *Reckitt & Coleman v Borden* (1990) RPC 341.
  - 29 *Spalding AG & Bros v AG Gamage Ltd* (1915) RPC 341.
  - 30 Section 27 (2) of the Indian Trade Marks Act talks about protection of Trade Dress with respect to passing off. Whereas the first clause of the section states that no person shall be entitled to institute any proceeding to prevent infringement of an unregistered trade mark, the second clause talks about the statutory right of the plaintiff to maintain an action for passing off. The second clause of Section 27 is evoked to deal with trade dress infringement. Also the definition of the word 'mark' given under Section 2(m) includes the words 'packaging' and 'shape of the goods' that can be treated as the 'trade dress' of the product.
  - 31 *Colgate Palmolive v Anchor Health Ltd*, 2003 (27) PTC, 478 (Del), IA No. 3502/2003 in suit no 691 of 2003.
  - 32 *Novartis AG v M/S Wanbury Ltd and Anr*, IA No 3609/2005.
  - 33 *United Distillers Plc v Jagdish Joshi*, 2000 (PTC) 502. The Delhi High Court in the case with respect to the suit for passing off, evaluated relative similarities in trade dress of the defendant and the plaintiff and held that a bare perusal of the trade dress of the defendant denoted a striking similarity between the defendant's and the plaintiff's products and the defendant's had not given any satisfactory explanation as to why there were such similarities with the plaintiff's trade dress in their product's trade dress.
  - 34 *Parle Products Limited v Brakeman's Industries Limited*, 1998 PTC 662. The Court held that the get up of both the biscuits packages are different. The package of Parle is rectangular in shape where as the shape of Bakeman's biscuit is circular. There is no deception and thus no consumer confusion.

- 35 *Castrol Limited v A K Mehta*, 1997 PTC 17. The Court ruled that the colour schemes of the containers of the two products along with the their shapes was similar so as to cause consumer confusion.
- 36 *Durga Dutt Sharma v Navratna Pharmaceutical Limited*, AIR 1962 Ker 156.
- 37 Bell Tom W, Virtual trade dress: A very real problem, *Maryland Law Review*, 56 (1997) 384.
- 38 Kellner Lauren Fisher, Computer user interfaces: Trade dress protection for 'look and feel', *University of Chicago Law Review*, 61 (1994), 1011.
- 39 *Cadbury Schweppes Pty Ltd v Pub Squash co Pty Ltd*, [1981] RPC 429.
- 40 *Apple Computer Inc v Apple Leasing Industries*, (1992) 1 Arb LR 93, 137.