

## Legal Issues in ‘Packaging & Get Up’

Issue: Do Moral Rights Vest in Trademark Owners over Modification or Alteration of Packaging?

## Introduction

- ❖ Every creator of an artistic work is entitled to certain moral rights over their creation. These rights come into effect by the creation of intellectual property and can be exercised to protect the relationship of the content and the creator. These moral rights include –
  - Right to Paternity
  - Right to Integrity
- ❖ **Right to Paternity:** This right tells that the creator has the right “to claim authorship of the work” and have it entitled to him/her.
- ❖ **Right to Integrity:** This right states that the creator has the right to restrain or claim damages in respect of any distortion, mutilation, modification or other act in relation to the said work which is done before the expiration of the term of copyright if such distortion, mutilation, modification or other act would be prejudicial to his honour or reputation.

## Relevant Legal Provisions

### ❖ Section 57, Copyright Act, 1957 –

*“Author’s special right....the author of a work shall have the right——1[(1) Independently of the author’s copyright and even after the assignment either wholly or partially of the said copyright, the author of a work shall have the right—...*

*(b) to restrain or claim damages in respect of **any distortion, mutilation, modification or other act** in relation to the said work which is done before the expiration of the term of copyright if such distortion, mutilation, modification or other act would be prejudicial to his honour or reputation” [Emphasis supplied]*

### ❖ Section 30(4), Trade Marks Act, 1999 –

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*“Limits on effect of registered trade mark.—...*

*(4) Sub-section (3) shall not apply where there exists legitimate reasons for the proprietor to oppose further dealings in the goods in particular, where the **condition of the goods, has been changed or impaired** after they have been put on the market.” [Emphasis supplied]*

## Principle of Exhaustion

- ❖ The principle of exhaustion, which asserts that after products carrying the mark are lawfully sold with the trademark owner's approval, the trademark owner loses control over the goods on the market, is one of the restrictions to the trademark owner's rights.
- ❖ In India, the concept of international exhaustion applies, which means that once trademark owners lawfully sell their goods, they lose the right to sell those goods anywhere in the world, hence the term "market" in India refers to the global market.
- 4 ❖ This implies that trademark owners cannot sue for infringement based on a subsequent sale, rent, or lease of a product carrying their brand.

## Relevant Case Laws

❖ ***Smt. Mannu Bhandari v. Kala Vikash Pictures Pvt. Ltd. and Anr.*, [AIR 1987 Delhi 13]**

*“Section 57 confers additional rights on the author of a literary work as compared to the owner of a general copyright. The special protection of the intellectual property is emphasised by the fact that the remedies of a restraint order or damages can be claimed “even after the assignment either wholly or partially of the said copyright..”*

*“Section 57 thus clearly overrides the terms of the Contract of assignment of the copyright. To put it differently, the contract of assignment would be read subject to the provisions of Section 57 and the terms of contract cannot negate the special rights and remedies guaranteed by Section 57. The Contract of Assignment will have to be so construed as to be consistent with Section 57. The assignee of a copyright cannot claim any rights or immunities based on the contract which are inconsistent with the provisions of Section 57.”*

## Relevant Case Laws (Contd.)

❖ ***Kapil Wadhwa v. Samsung Electronics*, [2013 (53) PTC 112 (Del.) (DB)]**

“With reference to sub-section 4 of Section 30 of the Trade Marks Act 1999 it would be relevant to note that further dealing in the goods placed in the market under a trade mark can be opposed where legitimate reasons exist to oppose further dealing and in particular where the condition of the goods has been changed or impaired. With respect to physical condition being changed or impaired, even in the absence of a statutory provision, the registered proprietor of a trade mark would have the right to oppose further dealing in those goods inasmuch as they would be the same goods improperly so called, or to put it differently, if a physical condition of goods is changed, it would no longer be the same goods. But, sub-section 4 of Section 30 is not restricted to only when the conditions of the goods has been changed or impaired after they have been put on the market. The section embraces all legitimate reasons to oppose further dealings in the goods.”

## Relevant Case Laws (Contd.)

- ❖ ***Amway India Enterprises Pvt. Ltd. v. IMg Technologies Pvt. Ltd. & Anr*, [CS (OS) 410/2018, Delhi High Court, July 8, 2019]**

*“The first sale rule is applicable only when a purchaser re-sells the goods of the producer, and stocks and displays the goods, but does NO MORE. In the present case, the e-commerce platforms do more than just stock and display the goods of the Plaintiffs, under their trademarks. They change the warranties/guarantees of the products; the return policy of the products are different, and the unique codes, which enable Amway to trace their products, which are also tampered with. Further, as can be seen from the report of the Local Commissioner, Amazon undertakes the removal of the codes, and re-packages the products, attaches its bar codes, dispatches the goods, and undertakes customer service as well. It cannot be said that Amazon is merely stocking, displaying and reselling Amway products. Moreover, it is not even clear as to whether the products are the Plaintiffs’ products or not as there is not source connection that Amazon is able to show.”*

## Plain Packaging

- ❖ It is a concept that uses ‘plain’ as in colorless and empty style of packaging for products with the objective of making it less attractive. It is mostly used in tobacco based products and cigarettes.
- ❖ Similar to moral rights, the packaging of goods is also grounds for ambiguous interpretation of trademark infringement. And one product which is often at the core of this issue is tobacco.
- ❖ The issues relating to plain packaging were dealt with in *Love Care Foundation v. Union of India* [Writ Petition No.1078 (M/B) of 2013, Allahabad High Court, July 21, 2014]. The argument put forward by the tobacco industry is that their business would be affected severely as they had spent a huge amount to publicize their product and enforce trademarks.

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## Conclusion

- ❖ It is unclear whether Section 30(4) of the Trade Marks Act, 1999 can be considered a moral right of registered trademark owners, given that the burden of proof lies entirely on the registered trademark owner to prove that the goods being sold have been tampered with to such an extent that it has a significant negative impact on their goodwill and reputation.
- ❖ It is evident that Section 30(4) of the Trade Marks Act, 1999 may not provide a moral right to the trademark owner in the same way that Section 57 of the Copyright Act, 1957 does for an author's work.
- ❖ However, in the words of Justice Pradeep Nandrajog, Section 30(4) of the Trade Marks Act, 1999 still acts as *a lighthouse to the voyage of a desolated registered trademark owner to file a case on the grounds of dilution of its goodwill and reputation.*

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# THANK YOU!

## Questions?

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