



TRADE MARK SQUATTING

Trade mark squatting refers to registration or use of a generally well-known foreign trade mark that is not registered in the country or is invalid as a result of its non-use.

Purpose

- Trade mark “squatters”, as they are generally called, adopt, apply for, and use generally well-known trade marks with the motive to sell them to the original owners for a profit at a later stage.
- A common opportunity for squatting is when companies file for a trade mark in their home country but not in other countries where they might expand their business someday.
- Especially in case of brands that enjoy trans-border reputation, business owners may find their trade marks already taken up by others as they gear up to launch their products in new jurisdictions.
- Not only can this have a significant impact on their brand reputation but it can also make expanding into a new market very difficult.

Trade mark Squatting in India

- There are two prevailing systems on the rights of trade mark; one is ‘first to file’ and second, ‘first to use’.
- While applying for a trade mark in India, the applicant enters user details regarding the said mark. This helps the applicant to later claim the defense of ‘prior use’ in case of any infringement or opposition by another party.
- In the ‘first to file’ system, the first person registering a mark gets the right to use the trade mark.
- While ‘first to use’ refers to the system wherein the first user of the trade mark obtains the exclusive right to use the mark.

Sony PS-5 Case

- Sony released its PS-5 console in US, Canada, Japan, Mexico, Australia, New Zealand, and South Korea on November 12, 2020. However the application for registering the “PS-5” mark was applied in India on October 29, 2019 by an individual Hiteshi Aswani.
- Due to this, the launch of Sony Play Station 5 (PS-5) was delayed in India. This was identified as trade mark squatting where in a person had filed for registration of the PS-5 mark for a good with identical specification as that of Sony.
- However, the dispute did not reach the courts as Hiteshi Aswani withdrew his application for the PS-5 trade mark after opposition from Sony.

Forme Communications v. Dilip Kumar Agarwal (MANU/DE/2612/2014)

Delhi High Court in this case while noting that the act of defendant shows blatant trade mark squatting, imposed on the defendant, damages to the tune of Rs. 5 lacs and observed that the lack of monetary repercussions lead to situation wherein the squatters remain undeterred.

How to Prevent Trade Mark Squatting?

- Register the mark at the earliest.
- Register the mark in countries which have potential for expansion.
- Multi-jurisdictional registrations can be filed through Madrid Protocol.
- Be aware of transliterations in other countries and register them as well.
- Registration can also be done in countries where current expansion is not planned.
- Keeping a watch or monitoring the trade marks registered worldwide through authentic sources.

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