

All Things IP



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ASSIGNMENT OF TRADEMARKS UNDER THE INDIAN TRADEMARKS ACT, 1999

Sale of ownership rights in a trademark is commonly known in trademark law parlance as assignment of trademarks. Such assignment is triggered pursuant to act of the parties concerned, such as in the instance of an outright brand sale by one person to another for consideration or in the case of transfer by operation of law pursuant to a business acquisition or reorganization.

It is important for brand owners to ensure that their names are recorded as the proprietor of such assigned trademarks on the register of trademarks in a timely manner. Such recordal and updation of the name of the assignee assumes importance owing to the fact that the entries made in the register of trademarks act as a prima facie evidence of the title and ownership of the concerned trademark.

In this article we briefly look at the procedure for recordal of an assignment with the Indian Trademark Office. The procedure for such recordal has been simplified over the years.

The Trademarks Act, 1999 (hereinafter referred to as the “Act”) allows assignment of trademarks in respect of both registered and un-registered trademarks by way of filing appropriate requests. Further, the assignment of the marks can happen with or without the goodwill of the business concerned.

Assignment of trademarks with goodwill

In this case, the owner transfers absolute rights to the other party including the authority, control and the value associated with it. For example, if a proprietor transfers its trademark together with goodwill, the same would mean that the owner has exhausted all its rights in respect of the mark assigned and the subsequent proprietor will be entitled to enjoy all the exclusive rights over the said mark from the date of assignment.

Assignment of trademarks without goodwill

An assignment of trademark without goodwill would suggest that the owner has not transferred the rights completely i.e. not in respect of all the goods and services associated with the assigned trademark. For instance, a proprietor “X” owns a trademark “ABC” for manufacturing beauty products, food items and also for restaurant services, but he has assigned the trademark to the other party “Y” only for beauty products. Hence, it would imply that both the parties will use the same mark “ABC”, however, “X” will continue to use the mark in respect of food items and restaurant services whereas “Y” will use the same in respect of beauty products alone.

The procedure pertaining to recordal of assignment without goodwill is slightly different. In this case, the assignee has to apply to the Registrar for his direction for publication of the assignment within six months from the date of assignment otherwise same would be treated as null. On being satisfied with all the conditions, the Registrar would allow the assignment to be advertised for the public. After publication, the assignee will apply for the registration of assignment and leave a copy of direction of Registrar for the publication together with a copy of publication at the Trademark Office. Thereafter on considering all the facts and circumstances, the Registrar may allow the assignment and enter the particular in the Register.



Certain Restrictions

With regard to registered trademarks, the Act has prescribed certain restrictions in cases where there exist any possibilities of creating confusion in the mind of users/public such as:

- Restrictions on assignment or transmission that results in the creation of an exclusive right in more than one person with respect to the same goods or services, or for the same description of goods or services or for such goods or services as associated with each other. For example, if a proprietor is dealing with pharma products and herbal beverages and have assigned the business pertaining to herbal beverages alone to another party, this may lead to confusion amongst the consumers as to the origin of source given that both the products would be available through the same trade channel and hence such assignments are restricted pursuant to the provisions of Section 40 of the Act.
- Restrictions on assignment or transmission that results in different people using the trademark in different parts of the country at the same time.

Things to consider while filing an assignment request with the Trademark Office:

- i. The parties need to execute an assignment deed specifying the terms of the assignment including information pertaining to the effective date of the assignment, rights of the parties, purpose of the transaction, goodwill associated, jurisdiction, consideration amount involved, details of the marks, etc.
- ii. As per the provisions of the Trademark Act, 1999 read with the Trademark Rules, 2017, the assignment of trademarks is required to be done for a consideration. Based on such consideration amount, the appropriate value of prescribed stamp duty also needs to be paid.
- iii. The assignment request is required to be accompanied with the transfer instrument, affidavit in support of no pending litigation in any Court as well as a statement of case providing all the details of the transaction.
- iv. Associated trademarks are assigned only as a whole and not separately.

We at Eshwars regularly advise our clients on various Trademark and IPR assignment, transmission, licensing, franchising and distribution models and for more information please reach out to us at: saisunder@eshwars.com.

