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After-Market Customization and The Trademark Law: An Unsettled Debate

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ABSTRACT

The use of Trademarks has become an integral part of product branding. Trademarks have influenced Consumer Behaviour to great extent in the recent times. Be it the idiosyncratic shade; Uncensored of Rihanna's "Stunna", or the peculiar red that embraces the sole of every Louboutin, or the flashy GUCCI symbol- all of these attract herds of consumers due to their uniqueness and brand value. It is interesting to see a new surge in the process of using these products- by Customization. Your favourite movie on your Sneakers? Your favourite quote on your phone cover? or your choice of skin on your laptop?- Customization has got it all covered. Due to this ease of modification, the Trademark law in the contemporary world is faced with the challenge as to whether or not this novel practise amounts to Trademark infringement or dilution? Does it affect the right to speech? What are the boundaries to which customization can be allowed? This investigatory project takes a deep knitted look into the same.

Keywords: Customization, Trademark Dilution, Trademark Infringement.

I. INTRODUCTION

"Everything you can imagine is real."

- Pablo Picasso

Man is an animal of creativity. The mind of the man can travel faster than light. He could expand the horizons of the vast universe with just a thought. This has been demonstrated through the expanse of art, culture, clothing, food, etc. over centuries. This perhaps is what gave way the very inception of Intellectual Property law we see today.

Speaking of IP protection, one prominent IP protection is that of Trademarks; a protection that is fueled by consumer behaviour. The flashy colors, topsy turvy packaging, stylized fonts- all of it attracts consumers like ants to sweets. However, there have been a sea of changes that have occurred to the consumer market we see today. One such significant wave is that of the era of "**Customization**" or, to be using technical attribution; "**aftermarket customization**".

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(A) What is Product Customization?

An ordinary consumer would generally stick to the mainstream products that his favourite brand has to offer. However, to these “extra” consumers, plain is boring. This leads to modification of the originally sold products and transforming them to something that suits the consumer’s preference rightly. As per the reverence of the concept in business, to customize a product is to the “*make the necessary alterations so as to meet the needs of the customer rightly.*”² Due to such consumer awakening in the recent few years, the customization businesses have been thriving and has acquired a firm base of its own.

(B) The fury of IP owners

Because of this extensive use of creativity to suit one’s own personal experience, the owners of many reputed brands have stepped up and addressed the grater question of a possible Trademark infringement by such usage. They contend that being the owner of the Trademark, they have the right to regulate the aesthetics of their products which are produced by them or have their logos on them. To be technical, such claim is called as an “*exclusive right to customize*” of the owner of the Trademark.³ This has brought with itself numerous questions as to the ambit of Trademark Protection under common law.

(C) Some Recent Examples

There have been several interesting instances of Trademark Infringement suits that possibly occurred due to this spree of customization. Some of them have been listed below:

a. 666- the number of the Beast:

In 2021, the famous rapper and singer Lil Nas X released his own range of “Satan Shoes”, which were claimed to have been made from human blood containing a pentagram and an upside down cross. No wonder, it was said that 666 units were sold in no minute. The catch being that sneakers were nothing but re-purposed Nike sneakers. And very obviously, Nike sued Lil Nas X for Trademark Dilution, following which the sale of shoes were recalled.⁴

b. “I’m NOT lovin’ it”- Sony:

Another such altercation occurred between Sony and McDonald's as well. In order to celebrate their joy of 50th birthday, McDonald's planned on giving away PS5 controllers, wearing the

² Tatsunori Hara, et al., *Customization of Product, Service and Product/Service System: What and How to Design* MECH ENGG REV 1, 2-4 (2018).

³ Mark A. Lemley & Sari Mazzurco, *The Exclusive Right to Customize?* SSRN E. J. 1, 3-4 (2020).

⁴ Jonnatham Stempel, *Nike ends lawsuit over Lil Nas X ‘Satan Shoes’, which will be recalled* THOMSON REUTERS (Apr. 9, 2021, 2:38AM), <https://www.reuters.com/article/us-nike-lil-nas-x-idUSKBN2BV304>

dress of their priceless fries and burgers. The only catch being, McDonald's actually forgot to take Sony's authorization to do the same. In no time, Sony stepped up and put a hold to sale of such controllers and McDonald's sweet celebrations turned bitter.⁵

c. Chanel vs Shiver + Duke:

Later in the year, the famous French luxury brand, Chanel sued an Atlanta Based jewelry company, Shiver+Duke (S+D) for making jewelry from upcycled buttons of Chanel. Chanel claiming that S+D has indeed infringed their trademark by using their infamous "interlocking C" patten in their jewelry. The usage had affected the brand's goodwill as many customers would be misled to think that Chanel has been associated with S+D to make such range of jewelry.⁶

d. Nike vs Drip Creationz:

Nike, being the torch bearer of the such trademark infringement suits, took on a fight with some major sneaker customizers for diluting the brand's goodwill. It issued several cease-and-desist letters as well. It contended that Drip Creationz has been selling Nike sneakers that would possibly cause confusion to the general public. It also goes on to contend that Drip Creationz has been selling counterfeit products as well.⁷ The following section discusses the problem in view of the Trademark Law:

(D)Literature Review

In pursuance of the discussion above, we have to refer to the touchstone of the Trademark law. We shall introspect if the Common Law principles of Trademark allows the owners of such to control even the way in which the products are used or do consumers have the discretion to use the product in as much that it distorts the goodwill of the brand.

II. TRADEMARK VS FREE SPEECH- A TOUGH BATTLE

If we were to gauge the modern day interactions, we see that brands and products acquire a very significant chunk of it. Starting from the flavour of ice-cream we like, to the brand our OOTD belongs to- all of it is governed by well protected Trademarks. Hence, these Trademarks find their existence in our expressions and interactions.⁸ For instance, if we were to say that we

⁵ Daniel Piper, *McDonald's accidentally reveals its hideous new PS5 Controller* CREATIVE BLOQ (Aug. 3, 2021, 08:00PM), <https://www.creativebloq.com/news/mcdonalds-ps5-controller>

⁶ Chanel, Inc. v. Shiver and Duke, LLC, et al., 1:21-cv-01277 (SDNY).

⁷ Avi Minz, *Elaborating on Customization as a form of Trademark Infringement: A Case Study of the Brand Nike* IP LAW POST (Jul. 27, 2022, 11:30AM), <https://iplawpost.wordpress.com/2022/07/27/elaborating-on-customisation-as-a-form-of-trademark-infringement-a-case-study-of-the-brand-nike/>

⁸ *Supra* note 2 at 30.

wanted to do a web search, we'd say "Let me Google this!" For the most parts, these interactions have a positive connotation. However, if we turn to the other side of the coin, then we may find that at certain instances, these usages might be of such nature that it distorts, mutilates or tarnishes the trademarked product. For instance, Mattel filed an injunction against the song "sexy barbie girl" of the movie "Tera Intezaar", which later had to be changed to "sexy baby girl".⁹

Further, in the infamous case of *Tata Sons Ltd v. Greenpeace Int. and Ors.*, where Greenpeace developed a game by the name "TURTLES v TATA", wherein the Turtles had to escape logo of TATA, which was a resentment against a project undertaken by TATA that would severely have affected the population of Oliver Ridley Turtles. To this, TATA approached the court by invoking S. 29(4), that discusses about the contours of trademark infringement and maintains that if a person used the Trademark in such a manner that it would be detrimental to the reputation of the Trademark, the same would be found guilty of Trademark dilution.¹⁰

Hence, it would thus germinate that this regime of Customization might lead to distortion and mutilation of the Trademark. It may lead to the change in the manner in which the product was supposed to be used. The right of customization, if were attributed to the owners of such Trademarks, would completely do away with the Freedom of Speech and just to protect the individual economic interests, the interest of the general public would be severely undermined.

(A) **The problem of source confusion**

One major complaint made by the owners of Trademarks is that the Customized products would be a look-alike of the same product sold by them and would lead to confusion as regards to the source of it. However, this isn't completely true. If we take the instance of the Lil Nas X dispute (supra), then, the singer didn't sell the products of Nike as the owner of those products, rather, he modified them and sold them under his name. There could be no way that people would be confused about the source of the product, tracing it back to Nike.¹¹ This was however, only one instance. If we take a broader perspective, there certain types of aftermarket products like cases and covers that might create confusion as regards to the origin. Even in the case of Lil Nas X, the possibility of confusion cannot be completely ignored. And if there were an iota of confusion, it could be very detrimental to the goodwill of the company.¹²

⁹ Mattel, Inc. & Anr v. Ms. Aman Bijal Mehta & Ors., CS (COMM)- 803/2017.

¹⁰ Abhijay Srekanth & Vivek Basanagoudar, *Trademarks as a Barrier to Free-Speech: An Examination of the MetaBrinks Dispute* SPICYIP (Aug. 23, 2022, 04:00PM), <https://spicyip.com/2022/08/trademarks-as-a-barrier-to-free-speech-an-examination-of-the-metabirkins-dispute.html>

¹¹ *Supra* note 2 at 32.

¹² Mark A. Lemley & Mark P. McKenna, *Irrelevant Confusion* STAN. L. REV. 413, 435-439 (2010).

(B) Trademark Dilution

The customization in an horrendous manner, would have dire consequences on the goodwill and brand-value of the company. If we were to consider the legal position of Trademark Dilution in India, it is pertinent to note the provisions of S. 29(4) of the Trade Mark Acts, 1999 and the case of *ITC v Phillip Morris Products SA & Ors.*,¹³ where a stringent set of rules were laid down to ascertain Trademark Dilution:

1. The disputed mark should have deceptive similarity to the Trademark of repute.
2. The reputed mark should have a goodwill in India.
3. There's no reasonable justification of the usage of the disputed mark.
4. The usage of the disputed mark amounts to unfair advantage on the part of the reputed mark's distinctiveness and tarnishes the reputation of the same.

Let us now try and test these customized products into these pigeon holes. Firstly, the customized products are mere modifications of the same products that are being sold by the proprietor of the Trademark. They don't make a new product as such- only make certain changes to suit according to the taste of their customers. Most often, the owners of a well-known Trademark would like to think that even criticism amounts to Trademark Dilution.¹⁴

A mere customization of sorts wouldn't *per se* amount to tarnishing of the reputation of a brand unless it is connected to the brand in such a manner that it is harmful to the famous mark. Even if there might be slight doubt as regards to the case of "Satan Shoes", but, people didn't blame Nike Swoosh in anyway for endorsing Satanism. Further, customization in general terms are mostly for the innocent usage only (*viz-* getting some famous logos or theme or photos printed). This, very loosely fits into the compartment of "tarnishing of reputation".¹⁵

(C) Confusion as regards to sponsorship:

In today's evolving Trademark regime, the rigors of Trademark infringement have expanded so much that they even include the confusion as to sponsorship of the infringed goods.¹⁶ Since markets have become all-inclusive and less competitive in nature, we see that very often popular brands collaborate with each other in order to cater to the needs of more audiences, who look forward to buy these collaborative products. For instance, the year 2020 saw various brand

¹³ ILR (2010) II DELHI 501

¹⁴ Frank I. Schechter, *The Rational Basis of Trademark Protection* HARV. L. REV. 813, 814-816 (1927).

¹⁵ *Supra* note 2 at 39.

¹⁶ Mark P. McKenna, *The Normative Foundations of Trademark Law* NOTRE DAME L. REV. 1839, 1902-1904 (2013).

collaborations like Sabyasachi and H&M; launching their traditional mixed with modern range of clothing, Puma collaborated with Royal Challengers Bangalore to launch their new athleisure range, Louis Vuitton collaborated with NBA to launch their limited clothing range with the logos of both brands.¹⁷

In light of the same, if we speak of customized products, then there are very high chances that the consumers would indeed fall into the spiral of the deception of brand collaborations and brand sponsorship. For instance, had Sony not called against the wrongful usage of McDonald's logo on PS5, the innocent users would have been deceived into buying such stuff. This gray area of co-branding gives way for the strongest battle for the side of these Trademark owners.¹⁸

Having discussed the grounds available to Trademark owners, let us now look at the defenses that are available to these "customizers" under the operation of the Trademark Law.

(D) Defenses available in such infringement suits:

Getting sued for being creative. Sounds unfair, right?

The silver lining about the introspection is that the Trademark law gives us with a host of defenses in the form of common law doctrines that could be used in such Trademark infringement suit. Some of them have been given below:

a. Doctrine of "Fair Use":

As for Indian legal right, there's no such right that in *stricto sensu* is absolute. Hence, even though it is true that the owner of a Trademark has negative rights to prohibit any third party from using, replicating or deceptively using the trademark, it is subjected to the exception to the doctrine of "Fair Use", envisaged u/s 30 of the Trade Mark Act, 1999. To be precise, S. 30(1) of the act maintains that if the trade mark has been used in a *bona fide* manner and if such use doesn't cast a detrimental effect on the repute of Trade Mark, it qualifies well for the protection under "Fair Use".¹⁹

This doctrine of "Fair Use" has further been split into:

Descriptive Fair Use: This has been envisaged under S. 30(2)d of the act, and explains that if a Trade Mark has been used for "Descriptive" purpose, that is to say that it has been used in

¹⁷ *Popular Brand Collaborations* FINANCIAL EXPRESS (Oct. 17, 2021, 10:54AM), <https://www.financialexpress.com/lifestyle/popular-brand-collaborations/2350951/>

¹⁸ *Supra* note 2 at 41-42.

¹⁹ Nandan Pendsey, *India: Doctrine of 'Normative Fair Use' under Trademark Law* MONDAQ (Jan. 03, 2020, 08:10PM), <https://www.mondaq.com/india/trademark/879442/doctrine-of-nominative-fair-use39-under-trademark-law>

reverence to goods and services that indicate the origin, quality, quantity, intended purposes, value, geographical origin rendering other characteristics of the goods and services.²⁰

Normative Fair Use: This has been envisaged in S. 30(2)d of the Act as well, which maintains that if a person uses the goods of whose Trademark has been registered in a way that the goods have been made a part of accessories, subject to condition that it was “reasonably necessary” to indicate the goods and services sold, is protected.

It generally is used for news reporting, critique work, parodies, comparison of products, and involves all other non-monetary usage of the Trademark.²¹ With vast series of judgments flowing²² in, the criteria to ascertain the defense of “Normative Fair Use” are as follows:

- The use should be done in a *bona fide* manner and must be “reasonably necessary” for Identification purposes,
- The use of such Trademark suggests that the it has been sponsored or endorsed by the Proprietor of the Trademark,
- The use of such Trademark may lead to deception and customer confusion, and
- The use of Trademark in such a manner that it is *prima facie* evident that it has copied the stylization and font of such brands.

If we contrast it with the Customization gig in question, it can definitely pass through the hooves of “Normative Fair Use” as customization is generally for a private and non-monetary use, further, it succinctly checks the boxes of *bona fide* use and non-deception, thereby making it a very sound defense in the cases of a Trademark Infringement suit for customization of products.

b. Doctrine of “First Sale” & “Modified Goods Exception”:

Another interesting protection that has been provided under the framework of common law of Trademarks is the “First Sale” Doctrine. As per this doctrine, the lawful buyer of any goods can do whatever he/she fancies with the product bought.²³ They are given the liberty of freely using, selling, displaying privately, or even reselling the product. And whenever they re-sell it, they can use the trademark as a sign of genuineness of the product.²⁴ In 2019, the Delhi High Court²⁵

²⁰ *Ibid.*

²¹ *Ibid.*

²² *Consim Info Pvt. Ltd v. Google India Pvt. Ltd* (2010(6) CTC 813); *Hawkins Cookers v. Murugan Enterprises* (2008) 36 PTC 290 (Del); *Hawkins Cookers v. Murugan Enterprises* (2012) (50) PTC 389 (Del-DB).

²³ *Supra* note 2 at 46-47.

²⁴ John DiGiacomo, *What is the Trademark “First Sale” Doctrine?* REVISION LEGAL, (Nov. 25, 2020, 06:45PM), <https://revisionlegal.com/trademark/what-is-the-trademark-first-sale-doctrine/>

²⁵ *Patanjali Ayurved Ltd. v. Masala King Exports Trading Pvt. Ltd. & Ors.*, MANU/DE/1391/2019.

brought upon some clarity on this usage of “First Sale” Doctrine, stating that the doctrine cuts off the interests of the seller after the first buyer acquires them, allowing the right to re-sell the product but in the same condition as it was bought for the first time. Such use must not alter the trademarked good “materially”.²⁶ In India, the doctrine of First Sale actually finds its roots in the Copyright Act, 1957. S. 14(1) of the Act maintains that the owner of a copyrighted work shall have the rights to sell and re-sell the copies of the product. Once the product has been sold to the buyer, he shall possess all the rights of that of the owner.²⁷

On the second half of this discussion, we turn up to the discussions regarding the doctrine of “Modified Goods”. We enunciate it in the context of the Trademark Law of the US. As per the jurisprudence so developed, the seller of the goods shouldn’t alter the products to such an extent that it would make a “material difference” in the product, else, he won’t be protected under the “First Sale” Doctrine. The quantum of changes generally differs from case to case, depending upon the facts and circumstances but, as a rule of thumb, if the modifications were made to such an extent that it gave birth to a completely new product, the product undergoes a “material difference”, failing to get the defense of “First Sale” Doctrine.²⁸ Having said such, we proceed to make the concluding remarks.

III. CONCLUSION

The last feat of the discussion charts out the concluding remarks on the research topic undertaken. To start with, it has always been a headache for the Intellectual Property regime to correctly balance individual economic interests with Normative Interest of the general public. This curious case study of Aftermarket Customization is the paragon of such instances.²⁹

There’s a lot to learn from these budding spheres of consumer market. The bounds of Trademark law are ever increasing and this might just serve as a perfect opportunity to increase the ambit of the Trademark Laws to make it even more inclusive than ever.

True the fact that it is indeed taxing to aptly segregate which usage of a particular product amounts to fair and innocent dealings and may not attract the provisions of Trademark infringement the usage that most fatally tarnishes the reputation of a well established brands. With the producers of trademark protected goods themselves allowing modifications be done

²⁶ S.S. Rana & Co. Advocates, *India: Doctrine of First Sale Limited to Selling the Branded Item in the same condition when it was First Sold: Delhi High Court* MONDAQ (Apr. 01, 2019, 09:34AM), <https://www.mondaq.com/india/trademark/795106/doctrine-of-first-sale-limited-to-selling-the-branded-item-in-the-same-condition-when-it-was-first-sold-delhi-high-court>

²⁷ Disha Jain, *The Doctrine of First Sale in Indian Copyright Law* LEGAL SERVICES INDIA <https://www.legalserviceindia.com/legal/article-947-the-doctrine-of-first-sale-in-indian-copyright-law.html>

²⁸ *Supra* note 2 at 49.

²⁹ *Supra* note 2 at 96.

to the goods, this line of separation blurs out even more hastily. If the laws leaned much towards the interests of the public, we would see an even more gross version of Lil Nas X and Nike's dispute. If the laws were to lean to the side of the producers, then it would do away with consumer autonomy and these producers would virtually control every comment, critique and art that is being done on a private sphere.³⁰

So far as the author's vision about the same is concerned, it is suggested that the current Trademark regime is sufficient enough to protect the individual economic interests along with the good of the public at large. However, constant revisions have to be done to these rigors of law so that they don't become obsolete with the growing consumer market.

³⁰ Mark A. Lemely, *The Modern Lanham Act and the Death of Common Sense* YALE L. J. 1687 (1999).