

RIGHTS OF REGISTERED TRADE MARK OWNERS IN INDIA: ARE THEY FULL PROOF?

It has been a frequently debated question in India, whether the registration of a trade mark confers an absolute right in respect of the trade mark to a registered proprietor, and if so, are there any threats or legal hurdles that can threaten such a right. This is best analysed on a hypothetical fact situation.

Company A is a multinational company, which has registered its trade mark in India, 25 years ago, and has been renewing its registration every 7 years as stipulated under the Trade and Merchandise Marks Act, 1958 (the “Act”). Although, Company A has till date not used the trade mark in India, it now proposes to do so. Company B has been using a trade mark similar or identical to that of Company A in India for about 10 years in respect of the same kind of goods and has also applied for registration of the trade mark in its name. Can Company B prevent Company A from using its trade mark in India? Also, can Company B register its trade mark in India, inspite of the fact that Company A’s trade mark is registered in India?

At the outset, the rights of a registered proprietor under the Act need to be analyzed. The Act provides that the registered proprietor has an exclusive right to the trade mark in respect of the goods for which the mark has been registered and can obtain reliefs against those who use a similar mark. (Section 28(1) of the Act) The Act also specifies that a person is entitled to institute proceedings to prevent the infringement of a registered trade mark and damages. (Section 27(1) of the Act) Normally, the following conditions have to be satisfied to initiate an action for infringement: (a) the plaintiff must be the registered owner of the trade mark; (b) the defendant must use a mark deceptively similar to the plaintiff’s mark; (c) such use must be in relation to the goods in respect of which the plaintiff’s mark is registered; and (d) the use by the defendant must not be accidental, but in the course of trade. Thus, where a registered trade mark is infringed by an unregistered mark, and the aforesaid conditions are satisfied, the registered proprietor can obtain an order of injunction against the infringer. (Section 29 of the Act)

In addition, to protect a registered owner’s exclusive right to use, the Act provides that a trade mark which is identical or deceptively similar to another proprietor’s registered trade mark in respect of the same goods or description of goods cannot be registered. (Section 12 (1) of the Act) However, there is an exception to

Section 12(1) of the Act, in case of honest or concurrent use, or use in special circumstances, when the Registrar of Trade Marks has the discretion to permit more than one proprietor to register identical or similar trade marks in respect of the same goods. (Section 12(3)) With regard to the hypothetical, *prima facie*, Company A's interests will be protected and Company B will not be allowed to register the same trade mark, because Company A has registered its trade mark first and has diligently renewed it. However, Company B's mark may be allowed to be registered, if it can prove that it has been using its mark over a long period of time in pursuance of honest trade and business. To counter and negate this, Company A will have to tender evidence that Company B had knowledge of Company A, its business and its registered mark, and leveraged this information to promote its business.

Further, the Act gives a right to an unregistered trade mark user to prevent others from using a similar trade mark through an action for passing off, which is a common law remedy. In this regard, the Supreme Court has held that the action for passing off is available to an unregistered user even against a registered proprietor. (*N.R Dongre v. Whirlpool Corp.* (1996) 5 SCC 714, as cited in J. S. Sarkar's *Trade Marks Law and Practice* (3rd ed.) p.165) The facts of the case were that Whirlpool Corporation ("WPC") had a trade mark registration in India in respect of "Whirlpool" till 1977, which lapsed for want of renewal. Thereafter, WPC filed a fresh trade mark application to register the mark "Whirlpool" in the year 1988. In the meantime, an Indian trust also filed a registration application to register the trade mark "Whirlpool" in India. In spite of WPC's opposition, the Indian trust got the registration for the "Whirlpool" mark. As "Whirlpool" was a well known trade mark associated with WPC, the Supreme Court, in appeal, upheld the orders passed by the lower courts in the passing off action filed by WPC restraining the Indian trust from using the "Whirlpool" trade mark.

Applying the ratio of Whirlpool (*id.*), Company B can, under Section 27(2) of the Act, bring an action for passing off against Company A on account of its prior use of the trade mark in respect of its goods in India.

Another restriction on the exclusive right of the registered proprietor of a trade mark is under Section 33 of the Act. It prohibits the proprietor of a registered trade mark from interfering with the use of a mark identical with his registered trade mark, by a person who has vested rights in the use of such mark, prior to the use or the registration (whichever date is earlier) of the registered mark. Hence, Section 33 of the Act negates the exclusive right conferred by the Act on a

registered proprietor of a trade mark, provided the prior use is proved by documentary evidence.

Moreover, a registered trade mark may be totally removed from the Register upon application made by an aggrieved person if: (a) the mark has not been used bona fide in relation to the goods concerned for a period of five (5) years and one (1) month before the date of the application for removal; and (b) the application proves that the mark was registered without any bona fide intention to use it. (Section 46 of the Act) However, Section 46 provides an exception to non-use due to special circumstances of trade.

Therefore, if Company A does not prove any special circumstances of trade for non-use of its mark, Company B may succeed in its application and get its trade mark registered.

In the circumstances, although the Act provides the registered proprietor an exclusive right to use the trade mark and to prevent others from using a similar mark, this is subject to limitations. There is a plethora of case law of various Indian High Courts and the Supreme Court on the foregoing provisions, and a conclusive opinion in the aforesaid circumstances will be subject to judicial decisions and interpretations. Due to the advent of globalization and free market economies, where brands and merchandise names are key factors in determining the success of a business, a trade mark owner should analyze its rights with care and caution.