Prior Art as A Defense

Scope And Limitations in Trademark Law in India

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Abstract—We live in a world which is so diverse and dynamic in nature. As we say there are no two persons who are alike a hundred percent but the likely hood of someone’s trademark being identical to another’s is more. So, trademarks require protection and when they are created. But the simple question that rises is that since the statutes are in order today for the protection of trademarks, is it necessary for one to go through the registration process as envisaged in the act? Can someone who does not have a registered trademark seek protection? Is it possible to apply some test case to case basis to identify the ownership of a trademark? Are the provisions for protection absolute? This paper includes precedents of various courts and literature from books to answer the above questions. Effects of acquiescence are also discussed for the purpose of understanding the limitation on prior user’s right. This paper also includes discussions on the practical applications of the provisions as delivered by various high court and supreme court judgements. Provisions relating to effects of passing off are also discussed.

Index Terms— Trademark, acquiescence, judiciary, injunction, prior use

I. INTRODUCTION (HEADING 1)
All Prior art or prior usage has been envisaged in section 34 [1] of the trademarks act,1999 (hereinafter, referred as the “Act”). It mentions that if a person or an entity has been using some sort of trademark for his goods and services and he does not get it registered but has been using it prior to the person who has got the similar or same trademark registered then the proprietor of the trademark cannot restrain the such use. This rule is often referred as “First User Rule.” Also, in the same section a duty on the registrar of Trademarks has been assigned to assign the truth of such use and just not merely reject the application on the basis that such trademark already exists. Section 28 of the Act it lays down that proprietor of the trademark has the exclusive rights of usage but the section starts with subject to other provisions of the act which is a clear indication that rights conferred by Section 28 of the Act are not absolute. Rather they are inclusive of saving of vested right.

II. BRIEF HISTORY OF PRIOR USE INTERPRETATION
The history of prior use in India can be understood by a remarkable judgement of Sunder Parmanand Lalwani and Ors. vs Caltex (India) Ltd. [2] in the field of trademark. In the given case the court noted that even before the first Act i.e., Act of 1857 came into force trademarks were being used. The act merely provided an option to become the proprietor of the trade mark but if any such mark comes into dispute the one being used since the longest time will be considered as prior use and will be given priority. We can say that registration of a trade mark and becoming the proprietor of it does not supersede the rights of the person or entity who has been using it prior. Before the Act of 1857 trademarks were acquired by use only.

III. FUNDAMENTALS OF ‘FIRST USER’ RULE
1. The utilization of an imprint indistinguishable or almost taking after the enrolled mark, by a third individual, should be corresponding to the products and enterprises for which the principal referenced imprint is enlisted [3];
   This means that the class of products for which such trademark is applied should be same as to the class of products of which mark is in prior use.
2. The utilization should be a constant utilization of the trademark in India [3];
   The utilization should be continuous in the territory of India.
3. The trademark should be utilized by the owner to profit the assurance; [3]
   Every trade mark is representing the goodwill of a particular brand and consumers are relying on such brand assurances for quality, durability, and other features of particular products. So, it is essential that the owner shall use the mark for guaranteeing the quality, durability, and other such features or as the case may be. The basic to understand here is that there must be some sort of commercial linkage to the use of mark and company’s profit.
4. The imprint has probably been utilized from a date before the utilization of the enrolled trademark or the date of enlistment whichever is prior.[3] It means that prior use of such mark is probably in use before any such mark is enlisted and being used or is just enrolled.

IV. EFFECT OF ACQUIESCENCE
According to the Oxford Learner’s Dictionary the meaning of the word acquiescence means “to accept something without arguing, even if you do not really agree with it.” [4] As the meaning is suggestive that when a person who can claim prior use in a trademark shall do it within particular limitations for being able to claim it successfully.
Section 33 of the Act, 1999 lays down such limitations on the prior use defense. In subclause 1 of the section a time period for opposing the registration of the trade mark based on prior use has been set to 5 (FIVE) years. If the person fails to oppose in such time frame, then the later enlisted trademark will fully enjoy the proprietorship over the said mark and will not be opposed on the ground of prior usage. Also, to note here is the language of Section 33 which says that acquiescence shall be continuous.

V. ESSENTIALS FOR PRIOR USE DEFENCE

As any defense provided under any statute cannot exist as absolute there are some inherent limitations to it. Sometimes the limitations are put by judiciary while deciding upon certain matters that come to them. Similarly, in the case of Kamat Hotels (India) Ltd. vs. Royal Orchid Hotels Ltd. & Anr. [5] The court reiterated the fundamentals of prior use as discussed earlier. The court laid down following points to be tested for such instances:

A. The prior use of mark should be in same class of goods or and services for which the aspirant proprietor is applying.

B. The usage should be continuous without a break. That means it cannot be intermittent for such defense. Mere use of and adoption by the proprietor and advertisements thereof cannot be conclusive for purpose of granting the trademark ownership.

C. For the application of u/section 34 of the Act, 1999 the proprietor having prior use shall establish that such mark was in use before the application by the later user have been made.

D. The prior use must have been done by the proprietor or by his predecessor in the similar interest. That is, one cannot have a locus standi in claiming the application u/s 34 of the Act, 1999 without being the center of concern.

Some courts in various other judgements have also mandated the proof to show that volume of sales has taken an impact because of use of such disputed trademark. That is, some commercial link between the use of mark and output of the company must be established.

VI. PRACTICAL APPLICATION OF SECTION 34 OF THE ACT, 1999

While dealing with cases relating to Section 34 of the Act supreme court has opined that first user rule must be employed. In the case of Neon Laboratories Ltd vs Medical Technologies Ltd. & Ors [6] the court said that a registered proprietor of a trade mark cannot take an action against the earlier user, the only requirement for the prior use is to establish that the mark is being used by him before the date of registration.

In another case court reaffirmed that application for interim injunction can be granted even if the prior user does not concretely establish the claim of earlier use. In the case of M/S S. Narendra Kumar & Co. vs Everest Beverages and Foods [7] the Delhi High Court said that the prior user has established the use before the date of registration of the mark. Court even issued an ex-parte interim injunction order against the proprietor.

Also, to understand here is that a registrar cannot deny the application of the prior user based on the ground that a same or similar mark is already registered. Registrar is bound to accept such applications by the prior user and get them registered.

VII. ACTION OF PASSING OFF

In the case of B.K. Engineering v UBHI Enterprises [8] the court said that no person has a right to advertise or sell his goods and services as of another. It can be through by use of similar signs, marks, name, symbol etc.,

Pursuant to section 27(2) of the Act, passing off action is a common law remedy, and since passing off action gives the greatest weight to users who have previously taken over a trademark, registration of the trademark is irrelevant.

Priority in adoption and use of a trade mark is superior to priority in registration. [9] In a suit for passing off, a mark claiming prior use is given the benefit over a later user or prior registrant due to former’s earlier existence in the market. This principle has been upheld in various cases of passing off in India. [10]

The idea on which passing off is based is that one should not sell one’s own goods under the impression that they are another's goods. A merchant needs the protection of his right of prior user of the trademark because the benefit of the name and goodwill he has acquired cannot be used by another merchant by copying the trademark and having it registered before he can register it in his name. We see no question as to why a registered trademark owner should be allowed to deceive buyers into believing that they are receiving the goods or service of another trader, while they are buying from the first, which they never wanted. “In an action for passing off if should not matter whether misrepresentation or deception has proceeded from a registered or an unregistered user of a trade mark. He cannot represent his own goods as the goods of somebody else.” [11]

VIII. CONCLUSION

We now understand while the rights of a registered proprietor are exclusive, they are not absolute. His rights are not superior to those of a previous user, and he will always be limited by the discussed limitations. In addition, the preceding user has the legal right granted by the Trade Marks Act of 1999 to prevent others from misrepresenting his goods as their own.

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[3] The doctrine of prior use under the Indian Trademark Act by Anshal Dhiman
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[10] Para 7 of Maintainability of Suit for Infringement And Passing Off Against Registered Trade Mark Holder by Alba Law Offices