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TRADEMARK INFRINGEMENT AND HONEST AND CONCURRENT USE AS DEFENCE.

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ABSTRACT:

Trademark is one of the most important factors for the companies and commercial bodies manufacturing and selling goods. Trademark helps a particular company to hold and maintain its consumer or customer base because the customer base connects or recognizes the particular company through their trademark. Therefore, in order to maintain and expand the customer base the company needs to secure their respective trademark so that no other person or company uses the same trademark and creates confusion among the customers. Now there are several ways to protect a trademark. Although it is not necessary to register a trademark in order to get remedy, registered trademarks get legal protection under the Trade Marks Act, 1999.

As a defense of trademark infringement one of the defense the defendant can take is that of Honest and Concurrent Use. There are huge number of companies manufacturing and selling similar goods and it might be possible that one of the parties is using same trademark as that of the other without knowledge. In this case the defense of honest and concurrent use can be taken. Although in some cases we get to see that the court leniently supports the defense of honest and concurrent use, according to some of the recent judgements, we can see a paradigm shift in which the court is favoring the plaintiffs and use of defense as honest and concurrent use is getting weakened. This paper aims at analyzing how useful the defense of honest and concurrent use actually is and will be in the future.

KEYWORDS:

TRADEMARK

INFRINGEMENT

DEFENSE

HONEST

CONCURRENT

PARADIGM

TRADEMARK INFRINGEMENT

Trademark infringement is defined under Section 29 of the Trademarks Act, 1999. Sec 29(1) says – “A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered and, in such manner, as to render the use of the mark likely to be taken as being used as a trade mark.”¹

Sec 29(2) provides- A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of—

- (a) its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or
- (b) its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark; or
- (c) its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark, is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.

¹ Trade Marks Act, 1999

Therefore, from what is mentioned in the statute, it is apparent that where there is a trademark infringement, it is likely to raise the issues of confusion, deceptive marks, identical marks and dilution of marks. Confusions occur in situations where the consumers are likely to be confused about the marks being used by the two parties. In order to bring a suit of trademark infringement, the plaintiff must show that the consumers are likely to be confused about the sources of the products because of the similar marks used by another party and will fail to trace the origin of the product. Another phenomenon it might lead to is trademark dilution. Dilution is a trade mark law concept forbidding the use of a famous trade mark in a way that would lessen its uniqueness. Trademark dilution is when someone unauthorized uses the trademark of a company on products that have little or no connection with those of the trademark owner. For example, a trademark related to a soap might be diluted if someone uses it as a trademark for Television or a Paint.

VARIOUS FACTORS OF TRADEMARK INFRINGEMENT:

The court summarised certain factors in the case of Wockhardt Ltd. Vs. Aristo Pharmaceuticals Ltd.², Madras High Court. After holding the defendant's mark "SPASMO-FLEXON" deceptively and phonetically similar to "SPASMO-PROXYVON", the court summarised as follows:

1. The registered proprietor of a trademark has the sole right to the use of the trademark in relation to the goods and services in respect of which the trademark is registered. He also has the right to obtain relief in respect of infringement of the trademark in manner provided by the Act.
2. Whether it is deceptively or has become publici juris is a question of fact to be established. 3. When a number of marks, all have a common element, may it be prefix, suffix or root, i.e. essential part or the core of the mark, they come to be associated in the public mind as an indication of the same source, which misleads or causes deception or confusion.
4. It is the common element that has to be identified in an impugned mark and the registered trademark and if such common element is highly distinctive and is not just a description or a commonly used word, the likelihood of deception or confusion would be very much there, despite the fact that it might differ in similarity in certain letters.

² (1999) PTC 540

5. The nature of the commodity, the class of purchasers, the mode of purchase and other surrounding circumstances must also be taken into consideration.
6. Marks must be looked at from the first impression of a person of average intelligence and imperfect recollection.
7. Marks must be compared as a whole, microscopic examination being impermissible.
8. The broad and salient feature must be considered, for which the marks must not be placed side by side to find out the differences in design.
9. Overall similarity is the touchstone.
10. It is not the colour of the container or the difference of the product, but it is the statutory right to the word that has to weigh.
11. The plaintiff need not in general show prima facie case that is required to be shown must be something more than a case that will avoid the action being struck out as frivolous or vexatious and even if the chance of success at the trial are only twenty percent, the statutory protection is absolutely necessary by way of an injunction in order to prevent confusion or deception arising from similarity of marks.



The acts constituted infringement of trademark in the following instances:

- 1) **When mark is copied** – If a direct copy of the trademark is made by the defendant, no further evidence is required.
- 2) **Additions** – When unrelated or irrelevant matter is added, it is considered to be infringement. If a person uses whole or part of the trademark in addition to a different or other matter, it would still be considered to be infringement.
- 3) **Taking substantial feature of the mark** – It is considered to be infringement if the party uses one or more of the essential features of the trademark used by the original owner.
- 4) **Marks likely to cause confusion** – The plaintiff here must show that because of the similar marks, the consumers are likely to be confused or misled about the source of the products that bear these marks. If the defendant's trademark causes in the minds of the consumers, visual, aural and conceptual confusion as to the origin, then the mark is held

to be an infringing mark. Furthermore, if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion.³

- 5) **Use of reconditioned or second article** – When plaintiff's trademark is used on reconditioned goods, it may constitute as infringement even when it is mentioned that goods are not original and is reconditioned.⁴
- 6) **Printing of labels** – printing unauthorised labels of the plaintiff will constitute infringement.
- 7) **Goods manufactured by third party** – When the owner gets the goods manufactured by a third party, selling of such goods bearing the same trademark to other person would constitute as infringement.
- 8) **Marks used along with other marks** – Using plaintiff's mark along with defendant's name constitutes infringement.⁵
- 9) **Similar marks in medicinal products** – Confusion of sources of drugs or medicinal preparation due to similar marks used by the defendant would result in infringement even if the similarity in the marks is very less.
- 10) **Marks with international reputation used unauthorisedly** – In case of marks with international reputation, an action for protection against trademark infringement will lie even if the owner of the trademark have no business activity in India.

PERIOD OF LIMITATION:

The period of limitation for filing a suit for trademark infringement is three years from the date of infringement under the Limitation Act, 1963. In cases where the infringement is a continuing one, a new course of action arises every time the infringement occurs. For example, if an infringing article is continued to be sold, it would give rise to a fresh cause of action.

³ Compass Publishing BV vs. Compass Logistics Ltd., (2004) RPC 41

⁴ Rolls-Royce vs. Dodd, 1981 FSR 517

⁵ Levi vs. Shah (1985) RPC 371

THE DEFENSE OF HONEST AND CONCURRENT USE

In several jurisdictions, the trademark law allows the trademark of an honest and concurrent user to co-exist with another mark which is similar. The defence of honest and concurrent user came into being through two cases:

Firstly, the case of **Dent v Turpin** determined that two users of a mark (which had derived from a common predecessor) had a separate right to obtain an injunction against a third person using the mark.

Secondly, in **Southorn v Reynolds**, the Dent case was relied on to come to a conclusion on very similar facts. But it is worth noting that neither of these two cases was related to dispute between concurrent users. The courts in these two cases were not protecting the exclusive property rights but restraining a person from misrepresenting his goods as those of another.

THE RATIONALE:

The rationale was put forward in the Dewhurst & Sons' Ltd, where the court held "Let us, then consider what the position of the register will be, and how far the interests of the public will be protected if this mark is registered. As to the consents, I do not say that they are immaterial. They are valuable as affording some evidence that there will not be deception..."⁶

UNDER THE TRADE MARKS ACT, 1999:

Section 12 of the Trade marks Act, 1999 says that where there is honest and concurrent use or of other special circumstances which in the opinion of the registrar makes it proper to do so, he may permit the registration by more than one proprietor of the trademark which are identical or similar relating to same or similar goods or services, subject to such conditions and limitations as the registrar may think fit to impose. In this provision, the intention of the legislature is that the court shall have to be able to weigh and measure all possibilities of confusion or deception that might occur in the minds of the customer or public at large with respect to the Trade mark registration in consideration of commercial claims.

⁶ Dewhurst & Sons' Ltd (1896) 2 Ch 137

There are a few factors that must be considered while granting registration to a disputed trademark that are need to be observed by the registrar before he allows the concurrent user to use the trademark. The relevant factors which are to be considered in deciding whether a said case of honest and concurrent use is made out or not and whether the said honest and concurrent use justifies the grant of registration of trademark under the exception of honest and concurrent use has been laid down in a decision of House of Lords by Lord Tomlin via the Pirrie's application and are summarised below:⁷

1. The extent of concurrent use, quantity and the area of trade
2. The degree of confusion likely to ensue from the resemblance of the marks, which is to a large extent, indicative of the measure of public inconvenience
3. Honesty of the concurrent use
4. Whether any instances of confusion have been proved
5. Relative inconvenience which would be caused if the mark in suit was registered, subject, if necessary, to any conditions and limitations.⁸

One of the duty of the applicant here, is to make it clear that the mark has been used with all honesty and the applicant had no idea that his mark has been used by another party, before such objection was raised. It is to be noted that no statutory or any other honesty has been referred to herein. The term honesty here means Commercial honesty.⁹

In Section 12, there is a mention of the term "and in special circumstances". This has been done to widen the scope of accepting and adjusting the trademark applications which are bona fide and has no reason for not registering the same. If there is a concurrent registration of similar or identical marks, heavy burden lies on the applicant to prove the existence of the conditions and the findings may be necessarily subjective in nature. It has been explained via the following case:

⁷ Pirie's Appl., (1933) 50 RPC 147

⁸ Law of trade marks & Geographical Indications, Wadhwa & Co., Nagpur, India, First Edition, 2003

⁹ J.R. Parkinton & Co. Ltd application, UK

Sudheer Bahl v. M/S. Khyber Restaurant and The Deputy Registrar of Trade marks¹⁰

In this case, the ratio decidendi was, 'If Applicant has obtained registration of Trade mark by wrong statement of use, and then such mark shall go out of register.' Via the judgement it was said that in a case where the concurrent use of the trade mark of the challenged party is dishonest in many ways, and even if slightest of doubt arises, then in such a case the registrar shall reject the registration of the trade mark and will not entertain any such application under Section 12. The burden of proof lies on the challenged party to prove that he has been using the trade mark innocently and in a bona fide manner.

PARADIGM SHIFT IN THE USE OF HONEST AND CONCURRENT USE AS DEFENCE:

With the changing times and society, there has been changes in the law which led to the change in effectiveness of honest and concurrent use as a defence. In the case of **Dalip Chand Aggarwal v Escorts**,¹¹ the element of public interest was given the upper hand. It was held that applicant's trade was not necessary to be larger than that of the opponent in order to obtain registration on the grounds of honest and concurrent use. It was only held that it is necessary to know the extent of the applicant's and the opponent's business interest along with the public interest in order to ascertain whether the applicant's trademark is registrable or not. The opponents were in the business with the trademark 'Escorts' since 1951 for certain goods different from that of the applicants. Whereas the applicants sold only a small quantity of goods prior to the opponent's registration of the trademark. The defence of honest and concurrent user was not allowed to the applicants. The applicants were not granted registration although they established honest and concurrent and prior use.

A new amendment came up in the Trade Marks Act in 1994 which laid down that the proprietor of an earlier mark would have to oppose an application for registration by the opposition in the proceedings. Soon after this, in the **Roadrunner case**¹² it was laid down where the proprietor of

¹⁰ MANU/IC/0098/2013

¹¹ Dalip Chand Aggarwal v Escorts, AIR 1981 Del 150.

¹² Road Tech v UNISON (1996) FSR 805

an earlier trademark objects to the registration of an identical mark by the opposition, the registrar must reject the application.

EMERGING IMPORTANCE OF TRANS-BORDER REPUTATION:

After recognizing transborder reputation in the Whirlpool case, the court in the case of Indian **Shaving Products Ltd v Gift Pack** said that there has been constant improvement in the technology in the recent times and information, reputation and goodwill of a company spread like wild fire to every corner of the world in a small time. India has also joined the WIPO's Madrid system in 2013 becoming the 90th member in the system which has made it more difficult to apply the defence of honest and concurrent use.¹³ It would be hard to prove 'honesty' in front of the court as getting information with the help of technologies has been made very easy in today's world. This implies that it would be better to resort to 'reasonably conscious innocent adoption' (which the court might consider) of trademark rather than 'ignorant/careless/bad faith adoption'. It would be difficult to prove ignorance before the court in the coming times as the applicant would be expected to have knowledge of the trademarks that already exists.

Due to this reason a pro plaintiff trend can be observed taking into account the reported IP law cases in the law reporter, Patent and Trademarks Cases (PTC). Out of all the cases reported in 1976, 32 per cent were in favour of plaintiff while 68 per cent in favour of defendant. The ratio of order in favour of plaintiff to defendant became 56.11 per cent and 43.89 per cent respectively in 1994-1996. It then became 56 per cent to 44 per cent in the years 2004-2006. This indicates the inclination towards the plaintiffs in the recent years.

Nevertheless, we find some cases where the court has been lenient in allowing the defence of honest and concurrent use. In the case of Goenka Institute of Education and Research v Anjani Kumar Goenka & Anr,¹⁴ the High court gave the decision in favour of honest and concurrent user but it gave directions to the parties to give additional information so that the students or public do not get confused and think that they originate from the same school.

¹³ Shruti Tendulkar, How India ratified the Madrid protocol, (September 6, 2020), <https://blog.ipleaders.in/india-ratified-madrid-protocol/>

¹⁴ Goenka Institute of Education and Research v Anjani Kumar Goenka & Anr, 2009 (40) PTC 393 (Del).

CONCLUSION

The honest and concurrent use as a defence of the trademark infringement have been holding good for many years. But as the time passes and the society changes, the application of honest and concurrent use as a defence seems to be jeopardized. This is not anymore the kind of world where information would take ages to travel from one place to another. With the improvement and advancement of technology an information spreads to every corner of the world in a second's time. The technological advancement has helped in the establishment of trans border reputation which means that the reputation and goodwill of a certain company will be well known throughout the world. Also, with India becoming the 90th member of the Madrid system in 2013, the defence of honest and concurrent use is weakened a lot.

With the trans-border reputation getting a strong hold all over the world as well as in India, and the defence of honest and concurrent use arguably taking a back, seat the trademark applicants and proprietors should be aware of the existence of similar trademarks in order to avoid the problems.

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