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Prior User v. Registered User under Trademark: An Analysis

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ABSTRACT

Patents, trademarks, designs, and copyrights are four basic types of intellectual property. Patents, registered design marks, and copyright offer temporary protection. A registered trademark, on the other hand, is normally protected forever as long as it is utilised, it is routinely renewed, and the registered owner takes prompt action against infringers. Section 34 of the Trademarks Act grants the prior user of a mark specific rights in relation to the "goods and services" sold or provided under the mark. The rights granted by Section 28 of the Act may also not be used by any subsequent registered user of a registered trademark in connection with the same or comparable goods or services, depending on how the prior user used the mark. Consequently, Section 34 of the Act is an exception to Section 28 of the Act.

Section 34 of the Trademarks Act addresses the idea of "prior use". Foreigners or foreign corporations have joined the Indian market, and domestic companies may follow suit. National and artificial borders are collapsing, and the world is transforming into a common market. In such circumstances, it may not be acceptable to ignore ground realities in favour of mechanically accepting judicial norms; both domestic and international law should be important. The article explores the doctrine's application in Indian practise as well as the manner in which courts have implemented the law in instances where they were required to do so.

I. INTRODUCTION

In this contemporary world, a person can own physical property in the same way he can claim ownership rights over the results of their creative and innovative activities due to intellectual property rights. Patents registered designs, and copyright all offer temporary protection. On the other hand, a registered trademark can typically be protected in perpetuity as long as it is used, it can be renewed frequently, and the registered proprietor takes timely action against infringers. The Trade and Merchandise Marks Act 1958, up to this point, ruled the statute law governing trade marks in India. The Trade Marks Act, 1999 has taken its place as the current law. Based

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on the revised Act of 1999, this section on trademarks was created. The Trade Marks Rules of 2002 outline several acts that were required to implement the Act's requirements.

The doctrine of prior use is a perplexing idea. A trademark is a symbol used to differentiate one company's products or services from those of other companies. Trademark protections protect innovation rights. Protection of trademarks is a crucial problem that may come up in relation to intellectual property rights in this situation. The phrase "prior use prevails" is a common one when it comes to trade marks in the modern world. The prior user of a mark is granted certain rights in connection to the "goods and services" sold or supplied under the mark under Section 34 of the Trademarks Act. Additionally, based on the aforementioned prior user's use of the mark, any later registered user of an registered trademark in connection with the same or comparable goods or services is not permitted to use the rights granted by Section 28 of Act. As a result, Section 34 of the Act serves as an exemption to Section 28 of the Act.³

The Indian Courts have agreed with the above premise in a number of judgements, stating that the 'previous user' of goods & services has stronger rights than the registered proprietor' of the same or identical goods & services. This article analyses a few judgements that support this idea.

(A) Research Methodology

The researcher adopted the method of doctrinal research. The researcher supplemented her work with comparative legal study, case studies, and critical analysis. It also includes a list of study materials, data, and sources that the researcher utilised to conduct research. Comparative legal studies let the researcher look at how the law is interpreted in different places.

(B) Objective

1. To understand the concept of trademark.
2. To know and understand the concept of prior user and of registered trademark.
3. To determine trademark prior usage in India and elsewhere.
4. To examine the legal framework for protecting prior users over later registered users.

(C) Review of Literature

Books:

1. Lionel Bentley and Sherman, Intellectual Property Law, 4th ed., Oxford Publication

³Lakshmikumaran & Sridharan, Prior use v. registered trademark - An analysis of Section 34 of Trade Marks Act, 1999, Lexology, (September 28, 2022, 04:56 P.M) <https://www.lexology.com/library/detail.aspx?g=51d2a8a0-fcd5-4323-a134-28896c1370da>

(2014).

The above state book helped the researcher to understand the basic concept of trademark and passing off and gives a clear idea of trademark functions.

2. K C Kailasam and Ramuvedaraman, Law of Trade Marks and Geographical Indications: Law, Practice and Procedure, Second Ed, Wadhava Nagpur (2007).

The above stated book helps the researcher to understand the concept of prior user and registered user under trademark. It provides a wholesome understanding of defence of section 34 in infringement / passing off suits and also benefit of section 34 for registration.

3. V. K. Ahuja, Intellectual Property Rights in India, 1st ed., Volume 1, Lexis Nexis Butterworths Wadhva (2009)

The above-mentioned book helped the researcher understand how section 34's saving provision works and gives a full picture of what prior user and registered proprietor mean.

4. Narayanan P.S., Law and Trademarks and Passing Off, 5th Ed., Eastern Law House (2000), The legal theories and guidelines outlined by British courts over the last 200 years regarding trade marks, trade names, and passing off have international applicability, and other countries' curriculum and legal systems have been influenced by these English ideas.

II. THE CONCEPT OF STUDY

The Definition of Trademark

The goal of trademark law is to protect the name of a product or service. A trademark is a mark that can be seen that helps people to tell the "goods and services" of one person apart from those of others. Devices, brands, headers, labels, tickets, names, signatures, words, and phrases are all examples of symbols, characters, numbers, shapes of things, and packaging, among other things. The idea behind a trademark is based on three main elements:

1. Individuality, distinctiveness, or the ability to distinguish.
2. A mark that is deceptively similar, similar, or almost same.
3. The same or similar nature of commodities.

The Trademark Act aims to limit the use of fake marks by allowing for registration, greater protection, and usage of trademarks on goods and services. It is important to think of an trademark as a complete term that encompasses its "trade name" and its "mark," as well as its "business name," which also serves as the "name" under which products, services, etc. are

offered for sale.⁴

Interpretation of Section 28 of Trademark Act

An individual who registered a trademark for a group of goods has the sole right to use it on those goods. As with other legislation, the Trademark Act allows two or more registered owners of the same mark. Both owners are unable to assert exclusivity against one another in this circumstance. What the exclusion does not specify, however, is whether it applies to all commodities or any items or just to those for which trademark registrations have been made. When dealing with cases, the norm usually has an impact on an exception.. The exception is thus restricted to a trademark that has been registered for a specific set of goods and not for all commodities.

In "**Kumar Milk Foods v. Tyagi**,"⁵ Section 28 is at the centre of the main question. Two scenarios can result from the interpretation of this section. Let's take an example that if both 'A' & 'B' are listed as the registered owners of the trademarks Sugar for "cosmetics" and Sugar for "chemicals and pharmaceuticals," respectively. Sugar can be used by both A and B for their respective goods. However, 'B' would breach 'A's' exclusivity over the use of Sugar for cosmetics if they began utilising it for cosmetic products. **Kumar Milk Foods v. Vikas Tyagi** Foods involved a similar circumstance.

In this case, the plaintiff had a trademark called "Shreedhar" for milk products like ghee. The defendants registered "Shreedhar" to buy flour and other things. The complainant found out that the defendants sold dairy products under the name "Shreedhar." They didn't want the defendant to be able to use the trademark. The court agreed with the plaintiff's claim, and an interim injunction was issued. The court agreed with the plaintiff and said that Section 28(3) of the Trademarks Act should only be used when two registered marks are difficult to distinguish, apart or closely resemble each other and are for the same type of goods or services. This was strengthened by the various categorisation of items and the owner registration requirement.

Second, 'A' registered trademark Sugar for "cosmetics." Also, 'B' holds the trademark Sugar for "cosmetics," therefore there are two Sugar cosmetics. Under Sections 28(1) and 28(3), neither 'A' nor 'B' can claim an exclusive right to use the mark on cosmetics. Therefore, the registered mark's owners would keep all rights and privileges until the mark was restored, and the

⁴ Suvrashis Sarkar, HISTORY AND EVOLUTION OF TRADEMARKS IN INDIA 252, 6 IJAR, 735-736, 2016, [https://www.worldwidejournals.com/indian-journal-of-applied-research-\(IJAR\)/recent_issues_pdf/2016/November/November_2016_1492175968__242.pdf](https://www.worldwidejournals.com/indian-journal-of-applied-research-(IJAR)/recent_issues_pdf/2016/November/November_2016_1492175968__242.pdf).

⁵ Kumar Milk Foods v Vikas Tyagi (CS(OS)No 1627 of 2011).

registration would be considered proof of authenticity. In **“PM Diesel’s v Thukral Mechanical Works⁶”**, two firms registered the mark "Field Marshal" for similar goods. According to Section 28, only the “registered owner” of a trademark can utilise it on products and services. Section 34 protects the “prior users” rights in a mark used for same/similar products and services as the “registered owner”, restricting his exclusive rights.

The “rights of the prior user” are safeguarded under Section 34.

According to Section 34⁷, the Indian Trademarks Act protects owners of trademarks who have not registered their marks but have been using them for a time before anybody else. No provision of this Act authorises a registered trademark holder to violate the rights of someone who has been using a trademark that is confusingly similar to their own for a long time prior to the date of the later trademark's first use or the registration of the new trademark.’

This shows that if another organisation started using a mark before the owner did or before the owner's registration date, the owner does not have the authority to stop them from doing so. This core component of the Trade Marks Act is sometimes referred to as the "First user" rule. The principles governing this clause are as follows:

- (1) The goods and businesses for which the primary referenced imprint is registered should correspond to the use of an imprint by a third party that is identical to or nearly identical to the registered mark;
- (2) The usage of the trademark in India must be continuous; and
- (3) The owner must use the trademark to receive reassurance.
- (4) The imprint has undoubtedly been in use since the earlier date.

The word "use" has a tremendously important impact. According to section 34, "usage" means continued, consistent behaviour. Section 34 define "usage" as "continued, consistent behaviour." Who used 'imprint or name first' is a contested fact? The protection provided to a prior user under Section 34 of the law, when allowed, has the effect of reducing the guarantee given to a registered mark. Because of this, Section 34's qualifications require relevant materials that demonstrate prior use. Regarding the goods and businesses for which the registered mark is also being used, there must be a clear demonstration of the imprint's use. An appropriate resource to develop a consistent course of imprint usage prior to the date the enrolled user started using the imprint, for example, is the revelation of marketing projections.

⁶ P.M. Diesels Private Limited vs Thukral Mechanical Works, AIR 1988 Delhi 282, 1988.

⁷ THE TRADE MARKS ACT, 1999, No. 47, Acts of Parliament, 1999 (India).

III. JUDICIAL VIEWPOINT & ANALYSIS

Judicial viewpoints

The Indian Courts have established the rule that earlier usage, if proven, supersedes the rights of registered trademarks through numerous rulings over the years.

There are some of the important rulings reached by Indian courts:

In the case *Toyota Jidosha v Prius Auto Industries*⁸ the Supreme Court ruled that "prior use" cannot be used as a defence if it happened in a different area than where the defendant and the "passing-off action" took place. In the dispute mentioned above, Toyota accused Prius Auto Industries Ltd. of infringing upon its trademark by utilising the mark PRIUS when Toyota had already adopted and been using the mark since 1997. But it was pointed out that Toyota didn't start using the name "PRIUS" in India until 2010, after Prius Auto Industries had used it there for the first time in 2006.

In *Peps Industries Private Limited vs Kurlon Limited*⁹ the complainant owns the trademark NO TURN, registered in 2008 under class 20, which encompasses beds, pillows, cushions, couches, etc. Mark registered in 2011, used since 2008. Plaintiff has used the mark since 2008. The defendant uses the mark since 2007. In August 2018, the plaintiff stated that the defendant was dishonestly using the mark. Two crucial concerns in this case are whether the defendant used the mark before the plaintiff and, if so, whether the defendant is entitled to protection under the Act.

According to the ruling, the plaintiff has registered the mark "NO TURN," and there is sufficient evidence to support this claim. It has been continuously used by the plaintiff since 2008. Although the defendant has been making use of the mark since 2007, their usage has been infrequent and not enough to invoke protection under section 34 of the TM Act. Due to the descriptive character of the mark "NO TURN" and the plaintiff's failure to present any documents establishing the trademark's registration date, no interim has been granted.

In *M/s R J Components and Shafts vs M/s Deepak Industries Ltd*¹⁰, the Delhi HC modified section 34, also known as the "theory of the prior user of a trademark," to state that the "earlier user" will always receive preference over the "later user," regardless of whether the "earlier user" has registered the trademark. The Plaintiff sued "NAW" to prohibit them from using its trademark.

⁸ Toyota Jidosha Kubushiki Kaisha v Prius Auto Industries Ltd and Ors, AIR 2018 SC 167.

⁹ Peps Industries Private Limited v Kurlon Limited, 1934, 51 RPC 157.

¹⁰ M/s R J Components and Shafts vs M/s Deepak Industries Ltd, CS(OS) 900, 2002.

Class 12 goods include agricultural tractor "gears," which the Plaintiff Company develops and markets. The complaint claimed the firm was created and that NAW is a well-known and generous brand name. According to Rajeev Kumar, Rajeev's grandpa Ramji Das was the lone owner of the Plaintiff Company at one point. In 2000, Ramji Das granted the assignor all rights, titles, and interests in the name NAW. He further claimed that the task's deed constituted him the registered owner of the disputed impression NAW and that he used it after his grandpa's death. The court held that despite several opportunities, the plaintiff failed to show proof that Ramji Das had ever utilised the trademark NAW, which was registered for him, or that Rajeev Kumar had been given ownership of it. The plaintiff had not refuted the defendants' assertion. The court found no evidence to substantiate the plaintiff's claims that Ramji Das utilised his trademarked word NAW or that Rajeev Kumar was authorised to use it. The plaintiff didn't contest the defendants' allegation that they've used NAW since 1971. The Delhi HC barred the Plaintiff from utilising NAW. The Delhi HC ruled that a 'prior user' has more legal rights than the registered owner of a confusingly similar brand name.

Prior Trademark Use in India and Abroad

All of Indian Territory is covered under the Trade Marks Act of 1999. The rapid growth of India's economy has given well-known global corporations access to a promising market that would yield massive profits with minimal outlay of resources. SC in case "*N.R Dongre v/s Whirlpool*"¹¹ examined and accepted the cross-border repute of a well-known brand notwithstanding the Act's territorial operation.

In case of "*Aktiebolaget Jonkpoing v/s Palancichamy Nadar*",¹² the High Court of Calcutta found that the Trade and Merchandise Marks Act, 1958 must be considered too pertain to usage inside India and not outside.

The following shows that Trade Mark law is not an extra territorial and that trademark usage in other nations under foreign registration can constitute "use" under the Act. The Act's preamble limited its scope to India. The Act's Section 1(2) applies to the entire country. All the foregoing considerations make it obvious that Section 34 of the Act refers to usage in India. If a trademark owner claims earlier usage outside India under Section 34, he has no defence.

In "*Kores (India) Ltd v Whale Stationary Ltd*"¹³ Indian firm sued Austrian company for "infringement and passing off" Defendant claimed it was started in 1887 (before Plaintiff)

¹¹ N.R. Dongre and Ors v. Whirlpool Co. and Anr, 1996, 5 SCC 714.

¹² Aktiebolaget Jonkpoing Vulcan against V.S.V. Palancichamy Nadar, AIR 1969 Cal 43.

¹³ Kores (India) Ltd versus Whale Stationary Products Ltd., 2008(36)PTC 463(Bom).

outside India and spread across Europe, Asia, and Africa. The defendant allegedly applied to modify the plaintiff's trademark. The defendant claimed he was updating the plaintiff's trademark. The Defendant used the trademark internationally before the Plaintiff did. The Court disagreed, ruling that use of a trade mark repeatedly from a period before the registered trade mark was used in connection with such goods or services by the mark's proprietor before the date of registration inside the Indian subcontinent is covered by Section 34 and that the savings provision in Section 34 does not apply in such cases. The court ruled that the defendant isn't entitled to Section 34's savings clause since he hasn't utilised the trademark in India.

EXCEPTION

The Indian Courts have made an exception to the above principle.

REPUTATION CROSS-BORDER

The proprietor who asserts earlier usage outside India may depend on his goodwill in India to counteract the reputation of the opposing proprietor if it is strong enough. If the owner has clients in India who have a consistent relationship with the product, he will be able to prove to the court that his reputation precedes and extends beyond the borders of India and so establish his right to protection under international law.

In “*Lowenbrau v Jagpin Breweries Ltd and Others*”,¹⁴ the court took into account the defendant's past use of the trademark outside India. In that instance, both Plaintiff and Defendant were foreign corporations utilising the trademark worldwide and wished to develop in India. Section 34 of the Act says that the status as it is outside the country and how it is used abroad are important.

IV. CONCLUSION

The doctrine of ‘prior use’ is discussed in section 34 of the Trademarks Act. Foreign or international companies have entered into the Indian market, and Indian brands may do the same. National and manufactured borders are eroding, and the globe is becoming a shared market. In such scenarios, it may not be appropriate to overlook ground realities by mindlessly adopting court rules; the home nation and overseas should be equally relevant. Trans-border repute is respected in India, even though the items aren't offered there. Each case may be determined on its merits and facts. Trademarks should be protected and fraud avoided. Justice should win. The article examines the doctrine's applicability in Indian practise as well as how the courts have applied the law in cases where they have had to do so. An original component

¹⁴ Lowenbrau AG and Others v. Jagpin Breweries Ltd. and Others, 157(2009)DLT791).

of the Act, the first user rule consistently values pre-greatness.

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