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An e-newsletter from
Lakshmikumaran & Sridharan, India

February 2022 / Issue-125

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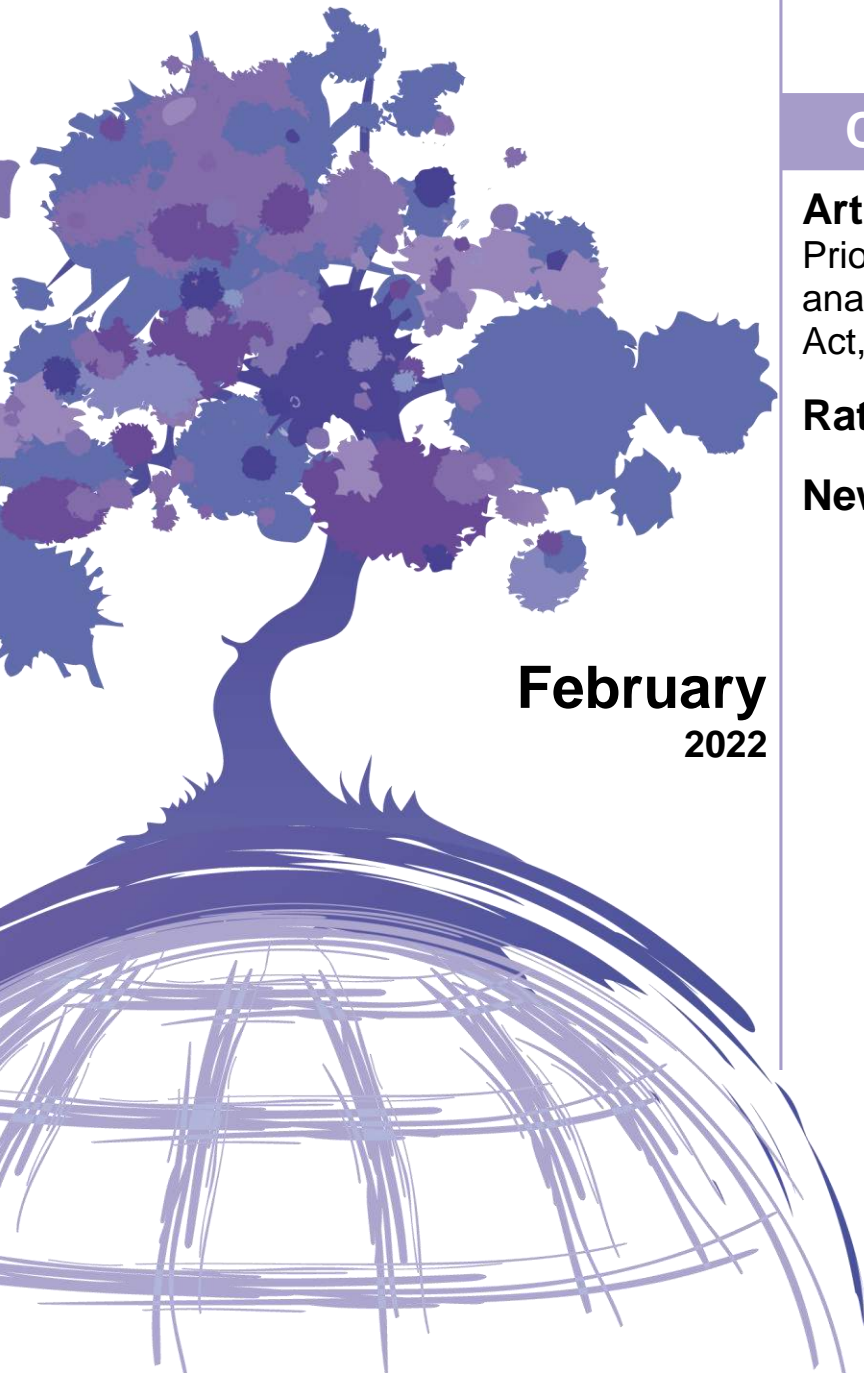
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February
2022





Article

Prior use v. registered trademark – An analysis of Section 34 of Trade Marks Act, 1999

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Introduction

Section 34 of the Trade Marks Act, 1999 (**'Act'**) provides certain rights to the prior user of a mark in relation to the goods and services sold/offered under the mark. Further, based on said use of the mark by the prior user, any subsequent registered user of the registered trademark in relation to the identical/similar goods or services is not allowed to exercise its rights as conferred under Section 28 of the Act. Thus, Section 34 acts as an exception to Section 28 of the Act.

The above principle has also been recognized by the Indian Courts in several of their judgments wherein it has been concluded that rights of the prior user in relation to the goods/services are superior to the rights of the registered proprietor in relation to the identical/similar goods/services. A few of the landmark judgments throwing light on said principle are discussed in the later part of this article.

Rights of the registered proprietor under Section 28

As per Section 28, it is clear that the registered proprietor of a trademark will be vested with exclusive rights to use the trademark in relation to the goods/services, stop other parties using the identical or similar mark being used in relation to the identical/similar goods/services. However, Section 34 of the Act stands as an exception to the aforesaid exclusive

rights of the registered proprietor and protects the rights of the prior user in a mark used in relation to the identical/similar goods/services as that of the registered proprietor.

Protection of the rights of the prior user under Section 34

Section 34 clearly provides that the rights of a prior user shall be protected under the Act from being violated by a registered user, i.e., the registered proprietor of an identical or deceptively similar mark granted registration for identical/similar goods/services. The rights of a prior user of the mark are thus kept on a higher ground than that of the registered proprietor of a trademark who was granted registration later. However, in order to benefit from the provisions under Section 34, the prior user needs to meet the following key requirements:

- The trademark must be 'used' by the owner to qualify as the prior user;
- The trademark must be in continuous use within the geographical boundaries of India by its owner;
- The use of the trademark must be in relation to the goods or services covered in the application by the registered proprietor; and
- The trademark must be in use from a prior date as compared to the date of use by the subsequent user/ registered proprietor.

Meaning of ‘use’, ‘user date’ and their relevance

‘Use’ refers to the continuous use of a trademark in relation to the goods or services for which the trademark is applied. User date is the date from which the trademark is actually being used in trade with respect to the goods or services. Mere adoption, (creation of the mark for future use) is not enough to claim use/right over the mark.

In determining whether the ‘use’ requirements are satisfied, the Courts consider the following:

- a. Date of adoption of the mark and when it was put to use;
- b. Whether there is an actual sale of the applied goods/services under the trademark;
- c. Relevance of the use of the trademark in relation to the non-sales activity, *inter-alia*, promotion/advertisement of the goods/services under the trademark, the samples of goods distributed under the mark for collecting the consumer/customer’s feedback; and other similar activities which might establish whether a good/service has actually been rendered in commerce under the trademark and known to the public.

A few examples of evidentiary documentation that can be used in establishing the use of the trademark in commerce

- a. Documents evidencing advertising expenditure *vis-à-vis* goods/services under the trademark;
- b. Sales turnover of goods/services under the trademark;
- c. Brochures, purchase orders, invoices for the sale/purchase of the goods/services under the trademark;

- d. Domain names and websites reflecting the use of the trademark *vis-à-vis* goods/services.

Judicial viewpoints on the provision as conferred in Section 34

Through the years and through various judgments, the Indian Courts have settled on the principle that prior use, if proven, trumps the rights of the registered trademarks.

Following are some of the landmark judgments decided by various Courts in India:

Toyota Jidosha Kubushiki Kaisha v. Prius Auto Industries Ltd. and Ors.¹

The Supreme Court of India in the landmark case of *Toyota Jidosha Kubushiki Kaisha v. Prius Auto Industries Ltd. and Ors.* held that the prior use, if not in the same territory as the Defendant and the jurisdiction of the passing off action, cannot be claimed as prior use.

In the above case, Toyota filed a suit of infringement against Prius Auto Industries Ltd., for using the mark PRIUS when Toyota was a prior adopter and user of the mark since 1997. However, based on the documents produced before the Court by Toyota, it was observed that Toyota did not start using the mark PRIUS in India until 2010 which was after the use of the same by Prius Auto Industries in 2006. Thus, the Court concluded that Prius Auto Industries had all the rights to use the mark PRIUS in India without any interruptions.

Sociétédes Produits Nestlé, S.A and Another v. Kaira District Cooperative Milk Producers Union Ltd. and Another²

In this case, the Division Bench of the High court decided in favour of Nestle, the Appellants, giving them the rights to use the mark ‘A+’ for

¹ CIVIL APPEAL NOs.5375-5377 OF 2017

² FAO (OS) (COMM) 34/2018

milk and milk products under class 29 even though Kaira was a registered proprietor for an identical mark 'A+' in the same class, i.e. class 29.

In the above case, Nestle was assigned the mark 'A+' by an individual proprietor for use under Class 29 and Kaira was using an identical mark 'A+' for cheese under the same class.

In the appeal to the Division Bench of the High Court of Delhi, Nestle contended that they were prior users of the mark and submitted evidence showing the prior use of the mark by themselves and by the assignor as well. Despite having multiple opportunities, Kaira failed to show their prior use of the mark. Accordingly, the Division Bench set aside the order of status quo against Nestle while maintaining the same against Kaira.

Conclusion

While the trademark registration act as *prima facie* evidence of the ownership, the *bona fide*

use of the trademark in parallel to the registration is equally important.

Many times, companies/individuals despite having used the trademark prior to filing an application for registration are forced to file the application on 'proposed to be used' basis due to lack of proper documents or records evidentiary of the use. This results in the loss of the priority in claiming rights vested under Section 34 of the Act and/or inability to stop any subsequent user of the identical/similar mark for the identical/similar goods/services.

Thus, it is strongly recommended to maintain proper records of the use of the trademark from the date, the trademark is put to use in relation to the goods/services as the use of the trademark plays a vital role in safeguarding the rights of the user in the trademark.

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Ratio decidendi

Trademark disparagement – Comparison pointing out deficiency of rival product slanderous and mischievous

Applying the Delhi High Court decision in the case of *Reckitt Benckiser (India) Pvt. Ltd. v. Hindustan Lever Limited* [151 (2008) DLT 650], the Calcutta High Court has held that an advertisement claiming that *Baidhyanath Chyawanprash Special* is 'enriched with 52

Ayurvedic herbs' whereas 'ordinary *Chyawanprash*' are made 'with 42 ingredients only', is disparaging. It observed that the comparison made by the defendant/respondent was specifically pointing towards deficiency of the other rival products including the petitioner's product and that the claim made by the defendant about number of ingredients in *Chyawanprash* of the rival product was false and misleading.

Noting that the comparison with a number of ingredients, that is, 42 ingredients, was malicious and slanderous as the product cannot be complete with 42 ingredients as per the Drugs and Cosmetics Act, 1940, the High Court also held that when the defendant highlights that other *Chyawanprash* contain only 42 ingredients, which is an untrue statement, it cannot claim right to free speech. It was of the view that such a comparison was slanderous and mischievous, and accordingly, amounts to disparagement.

The High Court in this regard also summarised the key principles that are required to be kept in the Court's mind before deciding on whether the offending advertisement is disparaging or is a mere puffery.

According to the Court, in disparagement, the Court must decide whether a reasonable man would take the claim being made as being a serious claim or not and the impugned advertisement campaign has to be looked into with a broader perspective to decide whether a serious comparison is made by the alleged infringer. It noted that a comparison in the nature of 'Better or Best' based on truthful claims is permitted, but comparison in the nature of 'Good v. Bad' is not. The Court observed that if the advertisement gives out an impression that the rival product has a defect or demerit (which is not true) then such impression would make it disparaging. Further, observing that the comparison between rival products is allowed only to the extent of 'Puff' and honest trade practice, the Court noted that generic disparagement of a rival product is equally objectionable. Lastly, the Court observed that the comparative advertising campaign should be 'comparison positive'. [*Dabur India Limited v. Shree Baidyanath Ayurved Bhawan Pvt. Ltd.* – Judgement dated 8 February 2022 in C.S. NO. 232 of 2021, Calcutta High Court]

Conception of a competitive cricket league – No copyright in evolution of cricket over period of time

In a case involving conception of a competitive cricket league, where retired international cricketers were to play at neutral venues, the Delhi High Court has held that the concept claimed by the plaintiff as his original idea does not fall within the definition of 'work' as defined in the Copyright Act. It may be noted that the plaintiff had argued that when the concept was exchanged by the plaintiff through emails with the defendants, the 'work' had taken a concrete form.

The Court in this regard also noted that none of the features of the concept of the plaintiff reflected original thoughts. It observed that the idea of 10 over/innings cricket match with two innings was introduced in New Zealand in 1997, idea of matches with retired players was not new and test matches were already being held in countries that do not play cricket. According to the Court since these ideas were there in public domain for long, no one could claim exclusive rights to any of these ideas. The Court in this regard observed that several permutations and combinations in the format of playing the game of cricket have evolved and there cannot be any copyright in the evolution of cricket over a period. It noted that any such permutation or combination will involve 'innings' and 'overs', selection of venue, duration of length of match and selection of players, etc.

The High Court further, comparing the format of cricket as envisaged by the plaintiff and being organised by the defendants, found that the plaintiff failed to prove that his concept had any novelty about it. It observed that the format of the defendant was different from what was ideated by the plaintiff.

The argument of quasi-contract, inasmuch as the petitioner had shared his idea with the

defendants earlier when they had sought to establish a firm to organise cricket matches, was also rejected by the Court. Observing that there was absence of any document, the Court held that when nothing had firmed up, an implied contract is not disclosed. Further, rejecting the argument of confidentiality, the High Court was of

the view that confidentiality as asserted cannot be permitted to continue indefinitely especially when the defendants were already involved in organisation of IPL cricket matches. [*Samir Kasal v. Prashant Mehta* – Order dated 19 January 2022 in CS(COMM) 39/2022, Delhi High Court]



News Nuggets

‘Drivers24’ is prima facie identical or deceptively similar to mark ‘Cars24’

The Delhi High Court has granted interim injunction in a case involving alleged infringement of the plaintiff’s marks ‘Cars24’, ‘Auction24’, ‘Funding24’, ‘Unnati24’ and ‘Bikes24’ by the defendant using the mark ‘Drivers24’. The Plaintiff in the case *Global Car Group Ltd. v. Mohit Goyal* [Order dated 19 January 2022] had submitted that though no one can claim any exclusive right over the number ‘24’, however, in the instant case, it is a combination of the words – ‘Cars’ and ‘24’, which put together, are distinctive to Plaintiffs. The Court found that there was a *prima facie* case in favour of the Plaintiffs.

Addition of two alphabets before another mark when not makes material difference

The Delhi High Court has held that the addition of the two alphabets ‘AP’ before ‘Holiday Inn’ is not such a material difference so as to distinguish the mark ‘AP Holiday Inn’ of the defendants’ from the mark ‘Holiday Inn’ of the plaintiff. The Court in its Order dated 19 January 2022 in *Six Continents Hotels Inc. v. AP*

Leisure Private Limited was of the view that, *prima facie*, confusion is likely to be caused to consumers in respect of the origin of the defendants’ services due to the similarity between the identical marks. It also noted that the defendant was using the mark in respect of identical services.

False representation for registration of mark is fatal

In a case where the defendant in the suit had obtained registration on false representation, the Delhi High Court has restrained the defendants from using the marks COURTYARD, COURTYARD HOLIDAYS, COURTYARD HOLIDAYS WORLD, which is identical or similar to the Plaintiff’s registered trademarks COURTYARD. The Court in *Marriott Worldwide Corporation v. Courtyard Holidays World Private Limited* [Order dated 20 January 2022] noted that when the Trademark Registry itself raised objections drawing attention to the registered marks of the plaintiff, the defendant falsely stated that the plaintiff has not used the trademark/ brand name in India and that the defendant himself was the prior user of the word ‘COURTYARD’.

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