

TRADEMARK LAW

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1. INTRODUCTION:

Over hundred and thirty years ago in UK there arose a problem that two people wanted to register the same mark after the enactment of Trademark Registration Act, 1875. To stop this, there was an adoption of the creation of the concept of “honest concurrent user”. This allowed two or more traders to use the same mark for the same goods or services. They can even sue the third party for inadequately using the mark. Honest and concurrent use was considered as a common law doctrine that required the owner seeking protection to come with clean hands.² According to Lord Diplock the nature of rights under common law was debatable and prior to the 1875 Act there were only two actions, firstly a common law action for deceit³ it required fraud on the part of the defendant and secondly an action in equity for passing off. Therefore, the common law mark was not able to create a monopoly and so the traders had a separate and distinct right. This made Lord Diplock to create the concept of “Honest and Concurrent Use” taking into account the following two cases

- *Dent v Turpin (1861) 2 J*

In this case it was held that the owner of the mark has a separate right for injunction against the third user of the same mark.

- *Southorn v Reynolds (1865) 12 LT 75*

This case depended on the Dent case and came on the same conclusion.

Both of these cases were not related to the dispute between “honest and concurrent user” and so it is difficult to determine support in favour of this concept. But in these two cases the Court did not protect the exclusive property right but prohibited a person from misrepresenting his goods as those of another.

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² General Electric Co. Ltd. (USA) v General Electric Co. Ltd (1972) 1 WLR 729

³ Edelsten v Edelsten (1863) 1 De G J

The recognition of concurrent rights only becomes important once exclusivity attaches to a mark: otherwise infringement is no different from other actions where multiple persons have joint, but severable, interest.⁴

2. THE 'THREE MARK RULE'

Initially, a mark was registered only to the first person and he had an exclusive right to use it. At that time there was no provision for using the same mark by one or more traders but they were allowed to use identical marks with the permission of the court. The 1875 Act, did not allow infringement proceedings for unregistered trademarks. Thus, there was an Amendment Act of 1876 which said that if any application has been made to the registrar before 1875, and had been refused by the registrar, then the certificate of refusal shall be issued. And then the owner shall have the same rights. This was considered as a common law protection. Still, there was a lacuna that how many traders can issue a similar mark. So the "THREE MARK RULE" was introduced. It was first introduced in the case of *In re Walkden Aerate Waters Co*⁵. by Lord Chancellor who said that there shall be three similar marks and if there are more than three then it would cease to be a distinctive trademark. This rule created so many problems especially in the cotton industry. This was considered as a failure. So certain rules were introduced for cotton marks. But they did not last long and came to an end in 1883. Then it was thought to determine the "concurrent user" among the three. But then another dilemma arose that whether it should be applicable to new marks or old marks. Many judges were of different opinions and thus it was not implemented in the Patents, Designs and Trademarks Act, 1888.

Therefore, in *Dewhurst & Son's Application*, the court took into a consideration a new concept. This new consideration meant that registration based on the "three mark rule" was no longer something that could be left to the concurrent users to agree amongst themselves, but instead it was necessary to consider the effect the registration would have on customer's ability to know which goods came from which proprietor.⁶

3. HONEST AND CONCURRENT USE

⁴ To Quote, Philip Johnson, *The Rise and Fall of honest and Concurrent Use*, in *Trademark Law and Sharing Names*, ed., Ilanah Simon Fhima, Edward Elgar Publishing Ltd, UK, pg 31-51

⁵ (1877) 54 L J

⁶ Supra n 3

Section 12 of the Trademark act, 1999 deals with the registration in case of Honest and Concurrent Use, etc. It says that a registrar may allow registration of the same or identical mark in the same line of business to another proprietor if he thinks fit to do so. Thus from this section it is clear that it is the discretion of the registrar and not the honest and concurrent user.

Limitations and Conditions on Honest and Concurrent Use

- Registrar can limit area of use
- Registrar can limit mode of use
- Registrar can limit colour
- Registrar can limit indication of name of case

In order to have successful honest and concurrent user defence, the following five factors were laid down in the case of *John Fitton & Co*⁷:-

- The extent of use in time and quantity and the area of the trade.
- 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.
- The honesty of the concurrent use.
- Whether any instances of confusion have in fact been proved,
- The relative inconvenience which would be caused if the mark were registered, subject if necessary to any conditions and limitations.

Determining Confusion

Confusion is determined when there is:-

- Slight possibility of deception
- Slight possibility of confusion
- Commercial claims of proprietor acquired through the section of public

The law pertaining to honest and concurrent use was laid down in *Kores (India) Ltd v M/s Khoday Eshwarsa and son*⁸ with regard to Section 12(3) of the Trade and Merchandising Act, 1958 (being ejusdem generis with Section 12 of the act of 1999).⁹

⁷ (1949) 66 RPC 110

⁸ (1984) Arb. LR 213 (Bom)

*Jolen Inc v Registrar of Trademarks*¹⁰

The question of dishonest use comes in when the petitioner is able to prove that the mark has acquired goodwill and a reputation.

*Hindustan Pencil Pvt Ltd v India Stationary Products*¹¹

In this case the court held that equitable relief is granted to the party who has not committed any fraud and proves that he is the honest and concurrent user of the mark.

*Lowenbrau AG and Anr v Jagpin Breweries Ltd. and Anr.*¹²

Both the plaintiff and the defendant lived in Germany and had a dispute on the word 'lowenbrau' for their beer in India. The Court held that the word 'lowenbrau' means 'lion's drink' and has been used by many other manufacturers in Germany also. And the plaintiff did not take any action against the defendant for the long time. The word has become 'publici juris'. Thus the court allowed the defence of honest and concurrent user.

*National Chemical & Colours Ltd v Reckitt and Coleman of India Ltd.*¹³

In this case it was held that where an applicant was aware that the mark was already registered for the same goods and continued to use it, then he cannot be the "honest and concurrent user". This decision was also applied in the case of *British India Corporation Ltd. v Kharaiti Ram*¹⁴

*Lupin Laboratories v Jain Products*¹⁵

In this case it was held that mere concurrent use is not important but the user must be honest.

*Tata Chemicals Ltd v Deputy Registrar of Trademarks*¹⁶

In this case the application of the Deputy Registrar was rejected. The applicant was using the mark "TATA" and wanted a relief under honest and concurrent user. But it could not be given because "TATA" has acquired a household name and is available in every part of the

⁹ Vivek Kumar Choudhary, *Protection of Well Known Trademarks and Weakening of Honest Concurrent User Defence*, Journal of Intellectual Property rights, Vol 15, July 2010

¹⁰ (2005) 30 PTC 542 (IPAB)

¹¹ AIR 1990 Del. 19

¹² I A Nos 11355/2007, Delhi High Court, (14 January, 2009)

¹³ AIR 1991 Bom. 76

¹⁴ 2000 PTC 171

¹⁵ AIR 1998 Bom. 312

¹⁶ 2003 (27) PTC 422 (Del.)

country. Thus he cannot be considered as a honest user. Though, he may be a continuous user.

4. TRIPLE IDENTITY SITUATION

Triple Identity Situation says that when following factors are there, then it will be difficult for the registrar to allow registration of a mark under this Section.

- Same goods or services
- Marks involved are identical or substantially identical
- Area of user is same

5. DILUTION OF HONEST CONCURRENT USER DEFENCE: THE CHANGING PARADIGM

*Dalip Chand Aggarwal v Escorts*¹⁷

In this case it was held that the applicant's trade should not be larger than the opponent's, in order to obtain registration on the ground of honest and concurrent use. The important factor is the extent of the business interest of both the parties that should be accompanied by public interest. Though, the applicant may have established honest and concurrent use.

In 1994, a new amendment was brought about in the Trademarks Act and the preservation of the honest concurrent user defence got further diluted since it required that the proprietor of an earlier mark would have to oppose an application for registration in opposition proceedings.¹⁸ Soon after this there was a *Roadrunner Case*¹⁹ in which it was held that if the owner of the mark objects the concurrent user for using the mark then the registrar shall reject the application.

*Electrolux Ltd. v Electrix Ltd.*²⁰

In this case the Court held that it is on the defendant, "to search the register and apply or and obtain consent to their use of "Electrix" from the registered proprietor of any such closely resembling mark, or falling such consent to adopt some other name instead of Electrix".

6. PROBABILITY OF CONFUSION IRRELEVANT UNDER SECTION 12

¹⁷ AIR 1981 Del. 150

¹⁸ Supra n 8

¹⁹ Road Tech v UNISON (1996) FSR 805

²⁰ 71 RPC 23

According to LORD TOMLIN, “the possibility of deception or confusion seems to me to be one of the conditions contemplated by the section as giving rise to the power to exercise the discretion”²¹

It is said that the degree of confusion is not important, what matters is the honesty of the user and the registrar is convinced. The same view was held in the case of *London Rubber Co. v Durex Products*²²

7. BALANCE OF CONVINIENCE

When the registration is in question under Section 12 balance of convenience is one of the important considerations.

*Gloy & Empire Adhesives Ld.’s Application*²³

In this case it was said that if an applicant uses the same mark and the registrar puts any stipulation or condition subject to the Section such as confinement to particular area, may cause hardship to the opponent. But if the Balance of convenience is given to him then it may mislead the public as there would be chances for deception amongst public.

8. OTHER CASES ON HONEST AND CONCURRENT USE

It is said that Courts are benevolent when it comes to the acceptance of trademark or tradename regarding educational institutions. For example,

a. *Goenka Institute of Education and Research v Anjani Goenka & Anr.*²⁴

In this case the Court upheld the defence of Honest and Concurrent user and asked them to provide a disclaimer so that students are able to differentiate between the two. And they are not under the impression that they originate from the same source.

b. *Satilila Charitable Society v Skyline Educational Institute*²⁵

There was an engineering institution with the name “Skyline” regardless of the existence of “Skyline School of Business Management”. The Court said that a college student knows that

²¹ Alex Pride & Son’s Ltd’s Application (1932) 49 RPC 147

²² AIR 1963 SC 1882

²³ (1934) 51 RPC 63

²⁴ 2009 (40) PTC 99 (Del.)

²⁵ FAO 213/2003, 6 October, 2004, Delhi High Court

he wants to go to the engineering college or business school and so there is no likelihood of confusion.

9. ANALYSIS

When we go back to the history of “honest and concurrent use” we see that there was common law action for deceit and an action in equity for passing off so there was no monopoly. This made Lord Diplock to create the concept of “honest and concurrent use” but it is said that “honest and concurrent use” should not be considered as a shadow of common law. It is so because passing off had no provision for honest and concurrent use and it was used for infringement of a mark and not registration of a mark.

Gradually there was introduction of “three mark rule” which was considered to be vague and irrational. It created a lot of problems in cotton industry especially to the Manchester cotton merchants. It made the merchants to sell their identical goods under a different mark. There was no competition in the market but hardships to the traders. Thus, they were badly affected. There was also confusion regarding the rule to be applied on old or new marks. Therefore, this rule was not implemented and finally the concept of “honest and concurrent use” was adopted.

The term “honest” means “commercially honest”. It means that whenever there is a dispute the foremost question arises is that whether the mark was honestly used or not. As mentioned above we can see that the mark “TATA” was in dispute but the application was rejected as it was not honestly used by the opponent because “TATA” has acquired a household name and we find it in every part of the country.

When a mark is being used honestly and concurrently then there is no reason of confusion because for such long use the user may be aware that the mark already exists. After that if he uses the mark then there is no honest use.

The courts are benevolent when it comes to the educational institutions; it is to expand the commercialisation of education. It has been held that the students are aware to make distinction between the similar or identical names. It is on the institution to provide a disclaimer so that there is no likelihood of confusion as said in the Goenka case.

It is the discretion of the registrar to register a mark and not the discretion of honest and concurrent user. It is said that there cannot be confusion but if there is slight possibility of

deception or confusion then the user has to prove it. Like in one of the case the user pleaded to manufacture “tequila” as he was using the mark before the owner, but the Court rejected on the ground that it may create confusion.

Thus, the trademark owners should be more vigilant regarding the existence of similar names in the same country and even beyond the borders.

