



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

USING TRADEMARK WITHOUT REGISTRATION: ANALYZING THE EFFECT ON SUBSEQUENTLY REGISTERED TRADEMARK USER



Trademark is concerned with one of a specific type of Intellectual Property Rights that primarily provides an identification mark of any particular type, officially for the institutions or there can be goods and services also for which it may be identified with a particular type of symbol, or any of the representative sign. The Trade Marks Act came into force in 1999 which generally specified the acknowledgement of a registered trademark and its stupendous benefits in a long run and particularly it abolished the idea and practice of preventing fraudulent use of the mark.

The central idea of paper mainly advocates the necessity of a registered trademark to consider the authenticity and credibility of goods and services provided by any firm or company. Furthermore it analyzes the effects of using trademark without registration and how this affects the rights of a subsequently registered trademark user. The paper is devoted to understanding the basic components and essential

elements of trademark regulation principles and an instantaneous need of awaking general public about this as most of the Indians are in oblivion regarding this concept of trademark. It is the duty of firm or institutionalized set-up who is promoting their products to make their customers aware about the essentiality of cross-checking and verification of whatever they are buying and the buyer must be conscious about their basic rights before purchasing anything in general. The paper scrutinizes the rights and privileges fall on the part of prior trademark user and the subsequent user with certain exceptions in particular cases. Main emphasis will be put on various provisions, case-laws, and judgments of Supreme Court and High Court concerning the trademark regulation law globally.

KEYWORDS: Trademark Act, Registration, Subsequent user, Prior user, Case laws, Passing Off

INTRODUCTION

Section 28 of the Trade Marks Act, 1999 lays down exclusive right for the registered proprietor of a trade mark to use the mark and also prevent others to use similar identification mark or using any analogous symbol by deceptive means. And the exception of this provision is enunciated in Section 34. Section 28 (3) of the Trade Marks Act, 1999 unambiguously states that two or more registered proprietors of trademarks, which are or identical with or nearly resemble each other hold similar rights as each other against the person who is not the registered user of trademark. The R symbol assures dignity and social standard of any product as the symbol R primarily reflects that the trademark is registered and is protected from infringement under the Trademark laws. The use of -R symbol after filing a trademark application or without obtaining trademark registration is considered to be illegal and unlawful by any means. To verify the statement that "Prior user of trademark overrides the rights of subsequent user even if the subsequent user has registered to the trademark", we will refer to one of the major case-laws in this context.

On November 3, 2017 in the case of *M/ s R. J. Components and Shafts vs. M/ s Deepak Industries Limited*,¹ Delhi High Court ruled a judgment in favor of the aforementioned statement and accentuated the fact that prior user of a trademark will override the subsequent user even if the latter user has registered the trademark- it will not matter anyhow. In this case, Rajeev Kumar who was the sole proprietor of M/ s R. J. Components and Shafts instituted a case against the defendants to stop them from using his trademark logo NAW which gained a popular fame in trade according to him. He also added that Ramji Das, his grandfather was the sole proprietor of company and in 2000 he in a deed of assignment transferred the name, title and the trademark logo to his assignor. The defendant told that the logo has been

¹ M/s R.J. Components and Shafts v. M/s Deepak Industries Limited, 17 October, 2017.

acquired fraudulently by Ramji Das and Rajeev Kumar as there was no name mentioned of Rajeev Kumar as the subsequent sole proprietor in the Trade Marks Registry. The defendant also tried to put forward the fact that he had been using trademark logo NAW since 1971 in context of making of gear parts of tractor through manufacturing unit of M/ s Allen berry Works and the name NAW has also been derived from his initial company's name only. Hereby the Plaintiff Rajeev Kumar failed to show proper evidence and the Court's verdict in this particular case came into favor of the defendant. The Court said that the prior user of trademark will possess superior rights as compared to the subsequent user and therefore the trademark logo NAW appropriately belongs to the defendant in this particular case. Analyzing the basic theme, paper can be divided primarily into 5 main parts. The first part of paper talked generally gave an overview about the rights of prior user and subsequent user of trademark and their rights to trade through any company or institutionalized set-up. The second part of paper majorly talked about a specific case-law in general that helped us in understanding the very basic theme of subject matter concerned in particular. The third part of paper will highlight the rights of prior trademark user and how he exercise superior certain extra privileges as compared to the subsequent user. The fourth part of paper will mainly talk about that how the rights of a subsequent trademark user are affected in large. The fifth part of paper is dedicated to the synopsis of whole chapterization that will make us aware about the general principles and major transformation laws that must be adopted and implemented under the Trade Marks Act, 1999 regarding the rights of subsequent trademark user.

TRADEMARK ACT, 1999

"Trademark law mainly aims at securing the rights of persons who sell and manufacture goods with distinct trademarks against invasion by other persons passing off their goods fraudulently and with counterfeit trademarks as those of manufacturers." Albeit in India fraudulently many products and goods are being sold and delivered without any registered trademark that results in the loss of authenticity of that particular product or good, nevertheless the trademark roles play a pivotal role in maintaining the credibility and authenticity of the customers and goods. Trademark holds primary importance while considering any goods or services of particular type. Today there are many instances where it is conspicuously visible that trademark is not being registered and by deceit some of the multinational institutionalized set-ups regulate and promote their products and goods that depict the lack of duties and responsibilities of a reputed organization or firm. Under Section 34 of the Trade Marks Act, 1999 the first user rule is placidly accentuated. Section provides that a proprietor of a trade mark does not have the right to prevent the use by another party of an identical or similar mark where that user commenced prior to the user or date of registration of the proprietor. This is commonly referred to as "First user" rule which is a seminal part of the Trade Marks Act. Trademark law varies internationally and for an authorized product or good

globally, there must be an identification sign belonging to registered trade mark. The paper mainly delves in the concept of identifying the rights of a registered trademark user and how he a "prior user of trademark can override the subsequent user even if the subsequent user has registered the trademark".

RIGHTS CONCERNING PROPRIETOR OF A REGISTERED TRADEMARK

Preliminary trademark user possesses certainly extra privilege as compared to the subsequent user even if the subsequent user holds a registered trademark. This basic fact had been vindicated earlier in various provisions of The Trade Marks Act, 1999 and one of the primary case-laws. It is a primary principle of trademark law and generally forms bedrock for the trade to be smoother and effective in terms of removing the trade barriers and restraining fraudulent use of a registered trademark anyhow. Generally a prior user overrides the rights of the subsequent user and this could be considered as one of the seminal parts of the Trade Marks Act, 1999. Thus, the rights conferred by registration of trademark are ~~to~~ to the rights of the prior user of the mark. In the case of *Sir S. Syed Mohideen vs. P. Sulochana Bai*² Supreme Court had held that the prior trademark user will hold real proprietorship rights over the subsequent user even if subsequent user has made his trademark registered and the subsequent registered user cannot interfere or disturb with rights of the prior user. Another case-law also identifies the similar legal proposition and advocates Section 34 of the Trade Marks Act, 1999 in a positive sense.

In the case of *Neon Laboratories Ltd. vs. Medical Technologies Ltd. & Ors.*, Supreme Court palpably verified and stated the similar fact analogous to the previous case law that registered proprietor of a trademark does not hold any right to stop the other party from using the identical sign or symbol representing the trademark logo in general if that use commenced prior to the use of the registered mark. Common law rights are being governed by this doctrine of trademark law and enunciate diversified provisions for establishing the superiority of prior user of trademark in enjoying certain privileges. The registered proprietor of trademark and his rights hold prominent value and importance under the Trade Marks Act, 1999 and they have been secured and protected to a high extent as reflected in various provisions of the trademark law that certainly assures a dignified standard and good social position of the prior trademark user in comparison to the subsequent user. And to a larger extent this principle is not erroneous in the terms of common law rights as the preliminary user of any particular representative sign; symbol obviously must hold certain domination over the subsequent user keeping in mind that the subsequent user may not suffer some severe harm or damages in his/ her business or professional life.

² Sir S. Syed Mohideen vs. P. Sulochana Bai, 17 March, 2015.

The laws and provisions concerning trademark law must be laid down in proper accordance to avoid fraudulent use of trademark by other party who is not the real proprietor of registered trademark. Misrepresentation of trademark foreshadowing the growth of one's trade fraudulently must not be considered anyhow and severe actions should be taken against subsequent user by the prior user who is generally involved in this kind of deceitful act. Under Section 27 of the Trade Marks Act, 1999 common law rights are basically concerned with due importance and a provision of taking action by the prior user the trademark against any other person who had passed off their goods and services as the goods or services of another person. The subsequent user can be found guilty in terms of using the trademark of prior user without his permission and a court case can be filed against the subsequent user of the trademark who has somehow fraudulently acquired the trademark of prior user and passing off his products in the name of real proprietor. This generally depicts the passing off goods and services fraudulently that affects the rights of prior trademark user in a large amount.

HOW THE RIGHTS OF SUBSEQUENT TRADEMARK IS AFFECTED GLOBALLY?

The rights of a subsequent trademark user are basically suppressed by the prior trademark user to a certain extent. Earlier we have read that all the laws and provisions were concerned with upliftment of the rights of prior proprietor of the trademark and his goodwill and dignity. Under Trade Mark Act, all Sections verify the fact that prior user of the trademark overrides the rights of subsequent user, even if the subsequent user has registered the trademark. In all case-laws concerning the trade mark law, facts were conspicuously depicted in favor of the prior user of trademark. From above source we can infer that somehow a blighted effect on the rights of subsequent user of the trademark is augmenting. The trademark must be registered for its authentic utilization in terms of establishing and maintaining the trade relations with customers nationally and internationally. Section 27 (2) of the Trade Marks Act, 1999 explicitly states that no man is entitled to represent his goods or services of another whether such representation is made a sign, symbol, name or any other means. Intrinsically, it prohibits the fraudulent use of a registered trademark anyhow. This principle of trademark has been upheld in multifarious cases of passing off in India.

In case of *Consolidated Foods Corporation, Pvt. Ltd.*³ it was noticed that adoption and use of a trademark is superior to registration. Under Section 28 (1) of the Trade Marks Act, 1999 the registered proprietor can use a registered trademark and obtain relief in respect of infringement of the trademark. Only the registered proprietor of a trademark holds power to initiate a suit of infringement against the use of similar identical mark to his registered trademark according to Section 27 (1) of the Trade Marks Act, 1999. Registered proprietor of a trademark has certain exclusive rights which certainly fall on his part naturally under the trademark law. Albeit with the due permission and consent of registered proprietor of the trademark the

³ Consolidated Foods Corporation v. Brandon and Company Private Ltd, 26 April, 1961

subsequent trademark user can use the similar identical mark as that of the prior trademark user, but in any other case it will be considered to be a fraudulent act. There must be also certain regulatory provisions and principles for securing the rights of subsequent trademark user so that they can even take a proper stand for the protection of their rights under the TradeMark law.

The concept of passing off one's goods and products in another's name, sign, and symbol was defined illegal and prohibited in the case of *Perry vs. Truefitt*⁴ in 1842. In the case of *Reckitt & Colman Ltd. v. Borden Inc.*⁵ the concept of classical trinity was propounded in which basically the fundamental components of passing off were restated by the House of Lords. The three essential elements for passing off which were enunciated are as follows- Reputation, Misrepresentation and Damage to Goodwill. In this case it was stated that the suit for passing off can generally be considered when firstly the plaintiff may establish goodwill or reputation attached to his goods and services. Secondly, the plaintiff must prove the misrepresentation by defendant, i.e. he must show that the defendant is depicting his goods and services in plaintiff's name. Thirdly, he must show the damage that he has suffered due to the belief that the defendant's goods and services are of the plaintiff's. The effects of a non-registered trademark and using it without an authorized license has to be carefully noticed and people belonging to different trade and business profiles must be made aware of the consequences of using trademark without registration. This would certainly provide a succor in minimizing the fraudulent use of the trademark by anyone and to a certain extent the rights of subsequent trademark user can also be protected and secured within diversified provisions of the trademark law.

CONCLUSION

Before 1940, India was having no trademark law and it was certainly arduous to trade with an efficient and smoother means at that time. During this time issues relating to trademarks were dealt under the Specific Relief Act, 1877 and Indian Registration Act, 1908. The country needed to be governed by a definite trademark law in this type of situation. In 1940, in India a specific trademark law came into existence, the Indian Trademarks Act. And it tried to resolve all the major issues and problems concerning trade and commerce. To a certain extent this act was unsuccessful in covering trademark issues and also not able to prevent the fraudulent use of a trademark anyhow. Analyzing the problem and concerning a proper regulation of trademark laws in India, later the Act was replaced by the Trademark and Merchandise Act of 1958. This Act certainly became successful in preventing the fraudulent use of a trademark anyhow. Various provisions and case-laws of trademark law prevalent in India ensure that the prior user of a trademark certainly overrides the rights of a subsequent user, even if the subsequent user has registered the trademark. This certainly assures and depicts that prior user of a trademark holds extra privilege as compared to that of the

⁴ Perry v. Truefitt, (1842) 6 Beav. 66.

⁵ Reckitt & Colman Ltd. V. Borden Inc., (1990) 1 All ER 873

subsequent user. Trademark laws in India give this judicial principle in terms of establishing and maintaining the rights of prior trademark user on a high pedestal and obviously it affects the rights of subsequent user to a larger extent. The trader must suffer severe repercussions and a blighted effect on his trade if he has not made his trademark registered and verified by an authentic source.

Using trademark without registration can somehow bring major problems relating to the maintenance of ethnicity of trade and regulation of trade related activities in a smooth and effective manner. The subsequent user also had to suffer because of using a non-registered trademark that certainly degrades the value of his products and services. With the progression of days, the registration of trademark has become one of the essential components of trade that certainly ensures the dignity and standard of goods and services which the particular Company is promoting in its name. Trade regulations and activities must be concerned with the registration of trademark and the rights of the proprietor of a registered trademark. Each and every person who is involved in some kind of trade activity must be aware about their rights and should hold a registered trademark to prevent and escape the suit for infringement and passing off goods and services fraudulently. At last primarily by scrutinizing all facts and figures, a reliable conclusion can be drawn that the "Prior user of trademark overrides the subsequent user, even if the subsequent user has registered the trademark".

The advocacy of this fact had been vindicated in variegated case-laws and provisions of trademark law and this idea must be supported globally by every trade community in specific to prevent any type of fraudulent use of the trademark generally and to ensure the validity and sustainability of trade for a longer period of time. Each and every customer also must be aware about what trademark is and how they can secure their rights under trademark law by crosschecking the validity of any goods and services for which they want to acquire. Every individual must be conscious of the general trademark rules to identify the validity of any type of product which they want to buy. The traders must act analogous to the provisions and rules enshrined under the Trade Marks Act and other sources in which a proper guidance and instructions had been injected for the regulation of a successful trade and globally this principle of trademark law must be adopted with a view of establishing a standardized rostrum for successful trade.