

## **Legal Issues in ‘IP in Fakes, Forgeries & MockUps’**

**Issue: What is the Threshold for Application of the Defense of Nominative Fair Use under Trademark Law?**

## Relevant Legal Provisions

### ❖ Section 30(2)(d), Trade Marks Act, 1999 –

*“Limits on effect of registered trade mark.—....*

*(2) A registered trade mark is not infringed where—....*

*(d) the use of a trade mark by a person in relation to goods adapted to form part of, or to be accessory to, other goods or services in relation to which the trade mark has been used without infringement of the right given by registration under this Act or might for the time being be so used, if the use of the trade mark is reasonably necessary in order to indicate that the goods or services are so adapted, and neither the purpose nor the effect of the use of the trade mark is to indicate, otherwise than in accordance with the fact, a connection in the course of trade between any person and the goods or services, as the case may be;... ” [Emphasis supplied]*

## Relevant Case Laws

- ❖ ***Government E Marketplace v. Unilex Consultants & Ors.*** [CS (COMM) 205/2020, Delhi High Court, July 27, 2020]
  - *"A use of another's trademark to identify, not the defendant's goods or services, but the plaintiff's goods or services, is not an infringement so long as there is no likelihood of confusion. This can be dubbed a non-confusing "nominative use"..."*
  - *"Where the defendant uses a trademark to describe the plaintiff's product, rather than its own, we hold that a commercial user is entitled to a nominative fair use defense provided he meets the following three requirements.*
    - i. *First, the product or services in question must be one not readily identifiable without use of the trademark;*
    - ii. *second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and*
    - iii. *third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder."* [Emphasis supplied]

## Relevant Case Laws (Contd.)

- ❖ ***Government E Marketplace v. Unilex Consultants & Ors.*** [CS (COMM) 205/2020, Delhi High Court, July 27, 2020] [Contd.]
  - “...the **unauthorized use** does not imply sponsorship or endorsement, the trademark owner cannot prevent the use.”
  - “... But where the junior user exceeds the **three requirements** of "nominative fair use," **infringement will be found.**
  - 25. Accordingly, it is the settled position that nominative fair use is permissible in so far as the use is such that it does not depict sponsorship by the trademark owner and the use is "reasonably necessary".
  - Therefore, in the present case, the following directions are passed:
  - “The suit is, accordingly, decreed to the effect that a permanent injunction shall operate against Defendants...This would, however, not prevent the said Defendants from using the term 'GeM' to refer to the Plaintiff and to refer to the services the Defendants are providing with respect to the Plaintiff's GeM portal, as a means of information to the general public in a descriptive manner.” [Emphasis supplied]



## Relevant Case Laws (Contd.)

### ❖ *Hawkins Cookers Ltd. v. Murugan Enterprises* [2008 (36) PTC 290 (Del)]

- “10...When would it be a case of the ‘use of the trademark being reasonably necessary in order to indicate that the goods are so adapted?
- 11. The answer has to be found in the meaning of the two words ‘reasonably necessary’.
- 12. Of the various meanings of the word ‘necessary’, one meaning is ‘inherent in the situation’ Of the various meanings of the word ‘reasonable’ one meaning is ‘just’.
- 13. Thus, the twin word ‘reasonably necessary’ would mean that inherent in the situation it would be just; and in the context of Clause (d) of sub-section (2) of Section 30 of the Act, it would mean that where the goods which are claimed to be adaptable to some other goods would entitle the manufacturers of the goods which are adaptable to so indicate by reference to the trademark of the other goods provided it is just to so do and this would mean that the goods claimed to be adaptable are specifically manufactured to be used as a part of the other goods alone. This will not apply where the goods are capable of adaptable use to all goods manufactured by different manufacturers to which they are adaptable. In said circumstance to indicate on the goods that they are adaptable only to the goods of only one manufacturer would be a clear violation of the trademark of the said manufacturer and Section 30 (2) (d) would not come into aid.” [Emphasis supplied]

## Relevant Case Laws (Contd.)

### ❖ *Hawkins Cookers Ltd. v. Murugan Enterprises* [2008 (36) PTC 290 (Del)] [Contd.]

- 20. *“It also needs to be highlighted that it has escaped the attention of the learned Single Judge that while writing: ‘Suitable for Hawkins Pressure Cookers’, the respondent has given undue prominence to the word ‘Hawkins’ by printing it in a distinct red colour and the remaining words of the sentence are printed in black colour.*
- 21. *Clarifying that the respondent, may, if it so chooses, indicate on the packaging material of the gasket that the gasket is suitable for all pressure cookers, as is being done by other manufacturers of gaskets...we allow the appeal and set aside the impugned judgment and decree dated January 04, 2008 and decree the suit filed by the appellant, but limited to prayer (a) and (b) thereof. We grant the respondent three months time to dispose of the existing packaging material containing the offending printed material and for which we direct the respondent to file an affidavit in the suit disclosing the number of plastic pouches lying with it on which the offending sentence has been written.”* [Emphasis supplied]

## Relevant Case Laws (Contd.)

- ❖ ***Prius Auto Industries Ltd. v. Toyota Jidosha Kabushiki Kaisha*, [CS(OS) No. 2490/2009 and I.A. No. 14981/2014, Supreme Court of India, July 8, 2016]**
  - “22. [...] It is trite that if it is proved by the plaintiff that its trade mark was well known in the market the Court would assume that those in the trade were aware of the same and any adoption of the trade mark would obviously be dishonest. What is dishonest can never be honest.”
  - “34. The auto parts were packed in cartons bearing the trade mark Prius, and as per the appellants, in conformity with Section 30 (2)(d) of the Trade Marks Act, 1999, they were entitled to inform the consumer that the auto part was adapted for use in a particular brand of Toyota car. Therefore, they indicated the same by using the word Toyota and Innova in the packaging material, not as a trade mark but because of it being reasonably necessary to indicate that the goods so adapted are compatible for the Toyota motor vehicles. [...] It is possible that manner of representation to write that the goods are compatible may appear to one as a trade mark use and to another as a non-trade mark use. This would not be evidence of dishonesty.”

## Relevant Case Laws (Contd.)

- ❖ ***Consim Info Pvt. Ltd. v. Google India Pvt. Ltd. & Ors.* [C.S. No. 832 of 2009, Madras High Court, September 10, 2012]**
  - *“A use is considered to be a permitted nominative fair use, if it meets three requirements, viz.,  
(i) the product or service in question must be one not readily identifiable without use of the trademark;  
(ii) only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and  
(iii) the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.”*
- ❖ ***Elofic Industries Limited & Ors. v. Mobis India Limited & Ors.* [CS (COMM) 17/2016, Delhi High Court, October 25, 2018]**
  - *“...Section 30(2)(d) only places limitations on effect of registration and has no applicability to the inherent common law rights of the defendants to their trade mark and, while interpreting Section 30(2)(d), such rights of the defendants cannot be trifled with.”*
  - *“35. Rather, it appears, that instead of using the words "Suitable for", the words of the statute i.e. "Adapted to form part of" be used.”*



## Relevant Case Laws (Contd.)

### ❖ *HCL Ltd. v. IT&T Pvt. Ltd.* [71 (1998) DLT 777]

- “So long as defendant is **storing and using HCL's original consumables and spares in maintenance and repairs, without making any representation that the defendant is authorised dealer of consumables and spares of HCL or running service centers having been authorised by the plaintiff, it would neither amount to infringement of trade mark nor passing off.**”
- “...the following directions are necessary to protect interest of both the parties:
  - (i) The defendant shall neither represent that they are the authorised dealers in consumables and spare parts produced by HCL Limited i.e. the plaintiff nor that they are running an authorised service center having been authorised by the plaintiff in any manner.
  - (ii) The defendants **shall further undertake to use only genuine original consumables and spare parts of the plaintiff in maintenance and servicing.**
  - (iii) The defendants **shall specifically state in every circular, brochure and advertisement relating to maintenance and contract for HCL products including HCL finesse range of plain papers and copiers that the defendant is neither authorised dealer of consumables and spare parts of HCL nor running an authorised service center of HCL, in capital letters of ordinary size.**” [Emphasis supplied]

## Conclusion

- ❖ The Courts in India have held ‘nominative fair use’ to be permissible only in limited cases in order to safeguard the rights and interests of trademark owners.
- ❖ This defense is an exception to trademark infringement. The defence is available only once a party can clearly establish that such use is “reasonably necessary”
- ❖ To reiterate, the main parameters/questions that need to be clearly fulfilled/answered for establishing the ‘nominative fair use’ defense are –
  - (1) whether such use is reasonably necessary?
  - (2) whether such use has been undertaken to show some sponsorship or endorsement or association?
  - (3) whether such use can cause likelihood of confusion or deception of the source; and
  - (4) whether the manner in which the trademark owner’s trademark is used indicates that its stylization and/or font have been copied.

# THANK YOU!

## Questions?

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