

Legal Issues in ‘IP-Law as Common Law versus Statutory Law’

Issue: When Can a Plaintiff Being Aware of Infringing Use be Entitled to Injunctive Relief in a Delayed Suit?

Introduction

- ❖ The doctrine of ‘Delay or Laches’ is an equitable doctrine, which refers to the unreasonable delay in enforcing a legal claim or moving ahead with legal enforcement as a right. This is an equitable defense.
- ❖ Acquiescence on the other hand means where a plaintiff sits by use of an infringing mark, allowing a defendant to build its mark.
- ❖ The Trade Marks Act is silent on what consequences of delay are. The courts have so far held that delay is not a defense against claims of infringement.
- ❖ The courts have previously held that defense of delay is not sufficient for granting an injunction in case of trademark infringement. It has been held that in order to contend the defense of delay there is a duty on the defendant to also establish itself to be an honest and concurrent user of the mark in question.

Relevant Legal Provisions

❖ Section 135, Trade Marks Act, 1999

“Relief in suits for infringement or for passing off.—

(1) The relief which a court may grant in any suit for infringement or for passing off referred to in section 134 includes injunction (subject to such terms, if any, as the court thinks fit) and at the option of the plaintiff, either damages or an account of profits, together with or without any order for the delivery-up of the infringing labels and marks for destruction or erasure.” [Emphasis Supplied]

Relevant Legal Provisions (Contd.)

❖ Section 33, Trade Marks Act, 1999

“Effect of acquiescence.—

*(1) Where the proprietor of an earlier trade mark has acquiesced for a continuous period of five years in the use of a registered trade mark, **being aware of that use**, he shall no longer be entitled on the basis of that earlier trade mark—*

(a) to apply for a declaration that the registration of the later trade mark is invalid, or

(b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used,

unless the registration of the later trade mark was not applied in good faith.” [Emphasis Supplied]

Relevant Judicial Decisions (Contd.)

- ❖ ***Hindustan Pencils (P) Ltd. v. India Stationary Products Company [AIR 1990 DEL 19]***
 - *“31. Even though there may be some doubt as to whether laches or acquiescence can deny the relief of a permanent injunction, judicial opinion has been consistent in holding that if the defendant acts fraudulently with the knowledge that he is violating the plaintiff's rights then in that case, even if there is an inordinate delay on the part of the plaintiff in taking action against the defendant, the relief of injunction is not denied. The defense of laches or inordinate delay is a defense in equity. In equity both the parties must come to the Court with clean hands. An equitable defense can be put up by a party who has acted fairly and honestly. A person who is guilty of violating the law or infringing or usurping somebody else's right cannot claim the continued misuse of the usurped right”*

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Relevant Judicial Decisions

- ❖ ***Colgate Palmolive Company v Anchor Health & Beauty Care Pvt Ltd* [2003 (2) CTMR 487]**
 - “67. Delay is relevant so far as damages are concerned. This cannot stand in the way of injunction. If the original use is dishonest where the notice has been issued inordinate delay or laches may at the most defeat the claim of rendition of accounts. Party is not supposed or expected to rush to the Court immediately.”

- ❖ ***Midas Hygiene Industries (P) Ltd v. Sudhir Bhatia and Ors* [2004 (28) PTC 121 (SC)]**
 - “5. In cases of infringement either of Trade Mark or of Copyright normally an injunction must follow. Mere delay in bringing action is not sufficient to defeat grant of injunction in such cases. The grant of injunction also becomes necessary if it prima facie appears that the adoption of the Mark was itself dishonest.”

Relevant Judicial Decisions (Contd.)

❖ ***Ansul Industries v. Shiva Tobacco Company* [2007 (34) PTC 392 (Del)]**

- “32. It would appear to me that where there is an honest concurrent user by the defendant then inordinate delay or laches may defeat the claim of damages or rendition of accounts but the relief of injunction should not be refused. This is so because it is the, interest of the general public, which is the third party in such cases, which has to be kept in mind... The Court may, in appropriate cases, allow some time to the defendants to sell off their existing stock but an injunction should not be denied.”

❖ ***Essel Propack v. Essel Kitchenware* [Suit No. 272 of 2010 in the High Court of Bombay on March 16, 2010]**

- “36. Delay simpliciter may be no defence to a suit for infringement of a trade mark, but the decisions to which I have referred to clearly indicate that where a trader allows a rival trader to expend money over a considerable period in the building up of a business with the aid of a mark similar to his own he will not be allowed to stop his rival's business. ... No hard and fast rule can be laid down for deciding when a person has, as the result of inaction, lost the right of stopping another using his mark.”

Relevant Judicial Decisions (Contd.)

- ❖ ***Marico Limited v. Mr. Mukesh Kumar & Ors.* [CS(COMM) 1569/2016 in the High Court of Delhi on August 27, 2018]**
- *“60. Acquiescence means an encouragement by the plaintiff to the defendant to use the infringing mark. It implies positive acts; not merely silence or inaction. For acquiescence, there should not only be a tacit or an express assent by the plaintiff to the defendant’s use of the mark, but also encouragement of the defendant to continue with the business. Acquiescence may be a good defence even to the grant of a permanent injunction because the defendant may legitimately contend that the encouragement of the plaintiff to the defendant’s use of the mark in effect amounted to the abandonment by the plaintiff of his right in favour of the defendant and, over a period of time, the general public had accepted the goods of the defendant. However, acquiescence cannot be inferred merely on account of the fact that the plaintiff had not taken any action for infringement of its rights.”*

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Relevant Judicial Decisions (Contd.)

❖ *Modern Snacks Pvt. Ltd. vs. Modern Foods Enterprises Pvt. Ltd.* [2023/DHC/4370]

- “68. In the present case and for the present, what is evident is that the defendant claims to have been using the subject mark since 1990; and the plaintiff being aware of the use of the mark by the defendant at least since 2003, did not initiate any action against the defendant till the filing of the present suit. Though this delay cannot act as a defence to a claim of infringement of trade mark, at the same time, it shall have an important impact in determining the lie of the balance of convenience and irreparable harm, two of the three parameters to judge a claim of interim injunction.”
- 9 • “76. As has been held hereinabove, the two marks are identical in nature; the plaintiff is the prior adopter of the mark; and the use of the mark is likely to cause confusion in the minds of the public; and it is only on account of delay by the plaintiff in approaching this Court, and that the defendant has obtained registration of its marks, that the interim injunction as prayed for by the plaintiff is not being granted.”

Conclusion

- ❖ It is well settled that delay in approaching the court cannot disentitle a plaintiff from obtaining an interim injunction, especially when the defendant is dishonest. In most cases interim injunction is converted into a permanent injunction towards the end of a suit.
- ❖ In the latest judgment, the analysis of delay is done in a manner different to the settled practice. The scope of injunction has been defined to suit the defendant's claim of longstanding use of the mark.
- ❖ The norm has been to keep public interest in mind, based on which the balance of convenience almost always tilts in the favour of the plaintiff.
- ❖ The court noted that owing to the delay on part of the plaintiff, who was aware about the defendant's use, the injunction could not be granted.
- ❖ This new method of analyzing delay has moved away from the formula of "delay + prejudice = laches" as observed in *Hindustan Pencils Pvt. Ltd. v. India Stationary Products Co. and Anr.* and followed by courts for the longest time.

THANK YOU!

Questions?

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