

PRINCIPLE OF ACQUIESCENCE – SEC 33 OF TRADEMARKS ACT 1999

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ABSTRACT

Acquiescence essentially means that you are "passively consenting" to let another user use your registered trademark even when you are aware of it. As a result, you basically give up the ability to sue the other user for violating your registered trademark if you do not object to such usage within the statutory window of five years. The other user is given the defence of acquiescence against trademark infringement under Section 33 of the Trade Marks Act, 1999, provided he has adopted and utilized the said trademark in good faith. In this case, good faith means that the other user was unaware of the trademark infringement or did not know it even existed. The owner of a registered trademark will not be able to pursue the remedy of an injunction against another user if, despite being aware of the existence of an infringing mark, the owner of the registered trademark fails to take any action against this other user for a period of five years and instead permits him to invest in promoting and growing his business. However, there is an exemption to this provision if the registered trademark owner can demonstrate the other user's mala fide purpose that is if the other user knew the registered trademark existed and dishonestly used it. Also, a trademark owner's simple failure to act in a situation does not constitute consent. Additionally, the trademark holder must have urged the other user to utilize the contested mark. In such circumstances, the party asserting the defence bears the burden of proof. They must demonstrate their good faith adoption of the mark, the trademark owner's knowledge of the infringement, the owner's support of the use of the mark, and their actions are taken in response to that encouragement.

INTRODUCTION

In the recent decision of Emcure Pharmaceuticals Ltd. vs. Corona Remedies Pvt. Ltd.¹, the High Court of Bombay ruled that "A simple refusal to sue without a positive act of encouragement is no defense and is no acquiescence," which has been the legal trend in India and is still the case. In general, Indian judicial opinion has always recognised that a trademark owner's simple delay in commencing a lawsuit against another party using his trademark

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¹ Emcure Pharmaceuticals Ltd. vs Corona Remedies Pvt. Ltd.2014 SCC OnLine Bom 1064

without authorization does not signify the owner's consent to the use of his trademark by the other party. Sec 33² talks about the principle of acquiescence as well as the limitation period to be tolerated for the same. The principle of acquiescence propounds the idea that whoever sleeps over their rights slips their rights altogether.

MEANING

According to the bare statute provision-wise: -

Sec 33 subsection (1) talks about the five-year- limitation period to acquiesce the use of your registered trademark after being aware of the use of it by someone else. It will be considered as your passive consent unless challenged otherwise or proven malafide usage by the latter user.

The sub-clauses talk about the rights taken away in such cases:-

In subsection (1), clause (a) of Sec 33 it takes away the right to claim declaration over the latter mark which has slipped from his proprietorship due to inaction.

Clause (b) of sub-section (1) talks about the right to oppose the use of such a latter mark but to activate such a clause a counter clause being such action to be in good faith needs to be satisfied. It must be proved that the proprietor of the latter mark has applied for registration of such a mark with bonafide intent or if found otherwise would be restrained from using such defence.

Coming to the last sub-section of Sec 33; subsection (2) of TMA 1999, talks about the mutual cancellation of the right to oppose between both the earlier and the latter mark as well as.

HISTORY

The defence of acquiescence under the Trade Marks Act of 1940 and the Trade and Merchandise Act of 1958 lacked clarity and specificity prior to the provisions of the Trade Marks Act of 1999, and the degree of acquiescence was decided by judicial declarations. The Trade Mark Act of 1940's Section 10(2), provides that "In case of honest concurrent usage or of any special circumstances which, in the Registrar's view, render it proper so to do, he may accept the registration by more than one proprietor of trade marks which are identical or nearly

² Trademarks Act, 1999

resemble each other in respect of the same commodities or kind of goods," was followed by the court in allowing the defendant to employ the acquiescence defence.

According to the Trade and Merchandise Act of 1958, the defendant may utilize the plea of acquiescence in the following circumstances, which are described as a "unique scenario" in clause (1) of subsection (b) of Section 30 of the 1958 Act:

Infringing Actions Not Constituting: Section 30

- The following actions do not violate the right to use a registered trademark, regardless of other requirements of this Act: (b) the use of a trademark by a person in relation to goods associated with the owner or a registered user of the trademark in the course of business, provided that the registered proprietor or registered user complying with the permitted use has applied the trade mark and has not since removed or erased it, or has at any time expressly or implicitly consented to the use of the trade mark.

On the ruling made by the Supreme Court in *M/s. Power Control Appliances and others v. Sumeet Research and Holdings*³ relied on the following points:

26. Acquiescing means remaining silent while someone else violates your rights and spends money doing it. It is a pattern of behavior at odds with the assertion of exclusive rights to a trademark, trade name, etc. It involves doing good deeds, not just sitting around and doing nothing, which is what laches entail. John Romilly stated in *Harcourt v. White Sr.*: "It is vital to discern mere negligence and acquiescence."

Acquiescence is thus one aspect of delay. The plaintiffs would be halted by their consent if they knowingly watched while the defendants developed a significant trade until it was necessary to squash it. According to the ruling in *Mouson (J.G.) & Co. v. Boehm*⁴, a complete defense will be available if the acceptance of the violation amounts to consent. According to *Rodgers v. Nowill*⁵, the consent must be such that it can be assumed to be a license adequate to grant the defendant a new right.

³ *M/s. Power Control Appliances and others v. Sumeet Research and Holdings* 1992 SCC OnLine Mad 156

⁴ *Mouson (J.G.) & Co. v. Boehm* (1884) 26 Ch. D. 406

⁵ *Rodgers v. Nowill* S. C. 5 C. B. 109; 67 E.R. 1191


ELEMENTS OF ACQUIESCENCE

Essel Propack Ltd. vs. Essel Kitchenware Ltd. and Ors.⁶ The owner of the later trademark must prove the following in order to properly establish the defense of acquiescence:

- That the owner of the earlier trademark was aware of the later trademark's use beforehand;
- That the owner of the earlier trademark promoted that course of action, either by statements or behavior. The term "encouragement" in this context may refer to the earlier trademark owner's failure to send the later trademark owner any legal notice expressing objection to the use of a similar trademark or to file an opposition or rectification with the Trade Marks Registry opposing registration of such a trademark.

The owner of the later trademark must therefore prove that, despite being aware of the later mark's use, the owner of the earlier trademark decided not to take any action against the owner of the later mark for more than 5 years, and that this failure on the part of the earlier trademark owner to act encouraged the owner of the later trademark to continue using the mark. So, the owner of the later mark continued to use the mark under the presumption that the owner of the earlier mark had no objections to its use. In a recent decision, the High Court of Delhi reaffirmed that for the right holder to assert the defense of acquiescence under Section 33 of the Trademark Act, 1999, there must be an affirmative act or express consent on their part.

The Hon'ble High Court of Delhi confirmed the ad-interim injunction in the case by issuing an order on October 18, 2019, prohibiting Make My Travel (India) Private Limited (hereinafter, "the Defendant") from using the trademark/trade name "Make My Travel" (word per se) and

"MMT" (letter mark),  the tagline "Dreams Unlimited," domain name "www.makemytravelindia.com," and the "Make My Travel" logo, which comprises the infringing letter i.e., MMT as well as the tagline 'Dreams Unlimited'.

Make My Trip (India) Private Limited, the plaintiff, brought this lawsuit to stop the defendant from infringing on its trademarks. The High Court of Delhi issued a favorable order in favor of the plaintiff on May 17, 2018. The parties attempted and ultimately failed to reach an acceptable conclusion after that.

⁶ Essel Propack Ltd. vs. Essel Kitchenware Ltd. and Ors. 2016(66) PTC173(Bom)

- The Court noted that the letter on which Defendant is relying cannot be viewed as encouraging Defendant to use the disputed marks in commerce.
- The Court also noted that Defendant has not made any email correspondences with Plaintiff Company management or any of its senior managerial personnel—individuals who should have been aware of Defendant's existence—on file. Therefore, it is not a case where the Plaintiff can be held to be guilty of suppression of facts. Thus, Plaintiff cannot be found to have omitted facts in this instance.
- Acquiescence is covered by well-established legislation. The issue of delay and acquiescence was thoroughly discussed in *Hindustan Pencils Private Ltd v. India Stationery Products*⁷. According to the ruling, the right holder must take affirmative action or express their approval in order to invoke the defense of acquiescence.
- In addition, it was determined in *Reddy Laboratories Pvt. Ltd. v. Reddy Pharmaceuticals*⁸ that trademark or copyright owners are not required to pursue every infringer and may instead choose to wait until the use of their name begins to negatively impact their business.

The Court noted in the agreement with the Plaintiff's submission regarding the plea of acquiescence. that: "The correspondence with the booking customer care executive of Plaintiff, who apparently did not have knowledge of the intellectual property rights of Plaintiff, cannot be considered as positive acts of encouragement towards Defendant to do business under Infringing/Impugned Marks,"

ESSENTIAL INGREDIENTS

- The trademark holder must be aware of the infringement;
- He must engage in an encouraging activity; "encouragement" has been interpreted to include things like the rights holder's failure to send any specific notice; and
- The infringement has been carried out to the detriment of the rights holder.

While keeping in mind that the law must be observed, it is quite crucial in these situations to consider the goal of trademark protection. Because ultimately the goal of registering a trademark is to make it possible for consumers of average intellect to distinguish between two brands. But one cannot have their cake and eat it too. Hence, in such situations, it would be

⁷ *Hindustan Pencils Private Ltd v. India Stationery Products* AIR 1990 Del 19

⁸ *Reddy Laboratories Pvt. Ltd. v. Reddy Pharmaceuticals* 2013 SCC OnLine Del 3626

wise if you took some "discouraging" action against the infringer rather than just resting on your rights. The Supreme Court cited Oliver, L.J.'s ruling in *Taylor Fashions Ltd. v. Liverpool Victoria Trustees Co. Ltd.*⁹ as its foundation.

"Of course, estoppel by conduct has been a legal area that has seen significant growth over the years, and it appears to me that it is fundamentally the application of a rule by which justice is done when the circumstances of the conduct and behavior of the party to an action are such that it would be wholly unfair for him to be entitled to succeed in the proceeding." Hence, the Supreme Court stated, "Conduct of the parties has also been deemed to constitute a reason for raising the attention of the court in situations involving the doctrine of estoppel by acquiescence or waiver for infringement

INDIAN CASE LAWS

Sec 33 in the bare sense simply allows the defendant to take of acquiescence against the proprietor for his ignorance and inaction after being aware of the use of his mark. This establishment of the principle can be well demonstrated with the help of some relevant case laws –

a) *Emcure Pharmaceuticals Ltd. vs. Corona Remedies Pvt. Ltd.*¹⁰ clarified that the mere failure to sue without a positive act of encouragement does not unleash the principle of acquiescence. To clarify the stance of the Court as well as to crystalize the principle, the Court came in with precedent case law

b) The Supreme Court noted that the issue was raised again in *Ramdev Food Products (P) Ltd. v. Arvindbhai Rambhai Patel and Others*¹¹, where it was decided as follows: -

Another aspect of delay is acquiescence. The acquiescence principle would be applicable in the following situations:

- (i) Permitting someone else to infringe on your rights while spending money to do so; and
- (ii) Where your actions are inconsistent with your claim to exclusive rights to a trademark, business name, or other property.

⁹ (1981] 2 W.L.R. (Note) 576

¹⁰ Supra Note 1

¹¹ (2006) 8 SCC 726

But the delay alone may not always be a reason to decline to impose an injunction.

The opinion stated:

"106. The defense of acquiescence, therefore, would be satisfied when the plaintiff assents to or lays by with respect to the acts of another person, and in view of that assent or laying by and consequent acts it would be unjust in all the circumstances to grant the specific relief."

In addition, it was noted that the plaintiff's specific knowledge and the defendant's prejudice are both important considerations, according to Rule 108.

c) In the case of *M/s. Hindustan Pencils Pvt. Ltd. vs. M/s. India Stationary Products Co. Ltd.*¹², it was made clear that if a user intentionally infringes on the rights of the owner, the defendant may be granted an injunction to compensate the plaintiff for their damages.

ENGLISH JUDGEMENTS

In *Warner Bros. Entertainment Inc. & Anr. v. Harinder Kohli & Ors.*¹³ (Del.), the Court noted²³ that the plaintiffs would be barred from seeking equitable relief if they knowingly allowed the defendants to expand their business or venture. It was further noted that the plaintiffs' consent would amount to a waiver, if not an abandonment, of their claim. The plaintiffs should have stopped the problem in its tracks by sending the defendants a legal notice to "cease and desist," the court believed that the defendants had dishonestly adopted a title or mark similar to that of the plaintiffs. This Court further noted that willful omission of crucial information renders the granting of equitable remedy or an injunction null and void. *Eaton Corporation v. BCH Electric Ltd and Anr*¹⁴. The Court considered the actions of the parties and determined that (i) Eaton had not consented because all agreements made explicitly stated that Eaton was the registered owner of the trademarks; (ii) BEL had no right to the trademarks; and (iii) BEL could not have attempted to obtain any statutory rights in relation to the said trademarks. The Court further noted that the registration obtained by BEL in violation of the agreement amounts to fraud, and it is widely established that where there is a fraud, there is no room for the doctrine of acquiescence to operate. It was noted that even while Eaton's apparent delay in bringing the current case was obvious, the accompanying circumstances, as mentioned above, do not

¹² AIR 1990 DELHI 19

¹³ *Warner Bros. Entertainment Inc. & Anr. v. Harinder Kohli & Ors* 2008 (38) PTC 185

¹⁴ *Eaton Corporation v. BCH Electric Ltd and Anr* CS(OS)NO.1422/2009

necessarily imply that Eaton had encouraged trademark infringement. It was made apparent that acceptance entails affirmative action rather than only inaction or silence, as is the case with laches. It is now widely accepted that a simple delay in bringing a lawsuit would not be fatal to it.

CONCLUSION:

In the trademark infringement case, *GSK Consumer Healthcare S.A v. EG Pharmaceuticals & Ors*,¹⁵ a Single Judge (R.S. Endlaw, J.) of the Delhi High Court clarified the defense of acquiescence under Section 33(1) of the Trade Marks Act, 1999 in his order dated October 31, 2019, while granting the interlocutory application (for interim injunction). The Court determined that statutory acquiescence could only be used to defend against a passing-off claim involving an unregistered mark and that a registered proprietor could not be disqualified under this theory.

In analyzing the application of the acquiescence defense under Section 33(1)¹⁶ against a "registered" proprietor of a trademark, the Court clarified how the law distinguishes between a proprietor and a registered proprietor. The proprietor of an earlier trademark is named in Section 33, the Court determined in this regard. There is no mention of "registered proprietor or proprietor of an earlier registered trademark." A person who is currently listed in the Register as the owner of a trademark is referred to as a "registered proprietor." A "proprietor" and a "registered proprietor" are two different terms defined under the Act, with Section 2(v) of the Act specifying only the registered proprietor in relation to a trademark. As a result, any reference to "proprietor" rather than "registered proprietor" there refers to the owner of an earlier trademark. According to this understanding, the Court additionally found that the Plaintiff's mark is registered, hence the statutory acquiescence defense is not applicable.

*Goenka Institute of Education & Research v. Anjani Kumar Goenka & Anr.*¹⁷, whereby the Delhi High Court's Division Bench rendered its verdict and made the obiter.

The Court used this statement in support of its conclusion that "Section 33 is with reference to the right of an unregistered user and a subsequent registered user." The issue of the defense of

¹⁵ *GSK Consumer Healthcare S.A v. EG Pharmaceuticals & Ors* CS(COMM) 238/2019

¹⁶ Of Trademark Act 1999

¹⁷ *Goenka Institute of Education & Research v. Anjani Kumar Goenka & Anr.*, **2009 SCC OnLine Del 1691**

acquiescence's inapplicability when employing non-opposition to a registered mark had not been specifically addressed by the Court in this prior instance.

The Bombay High Court's two judgments, which took opposing positions on this matter, had been made known to the Court. The Court had stated in *Emcure Pharmaceuticals Ltd. vs. Corona Remedies Pvt. Ltd.*¹⁸ that Section 33 simply states that certain statutorily prescribed consequences follow where, as between two registered proprietors, the later registrant is able to demonstrate acquiescence of at least five years. The only distinction between these circumstances and others is that the legally mandated outcomes in Sections 33(1)(a), (b), and Section 33(2) would not necessarily take place.

*Neel Electrical Techniques v. Neelkanth Power Station*¹⁹, the other Bombay High Court case that the Delhi High Court had examined, involved two registered trademarks that were registered at various times. The court made the following observation in that instance. Unless the later trademark registration was not made in good faith, the owner of the earlier trademark (registered earlier in time) who agrees to the use of the later trademark (registered later in time) for five years cannot object to the use of the later trade mark or seek to have the later trade mark registration declared invalid.

The Delhi High Court was unable to concur with the Bombay High Court's findings in the two cases. The statement read, "Section 33 is found to be designed for the protection of a registered trademark, by saving it from a passing-off action, by requiring that the owner of a mark shall not be entitled to apply for revocation of the mark if he or she has consented to use of a registered trademark for a period of five years." Therefore, merely delaying the filing of a lawsuit would not constitute consent. If the plaintiff, who is even aware that a similar mark is being used, does nothing and allows the defendant to expand and gain notoriety for its business using the same mark over an extended period. But it is obvious that the defendant can only invoke the defense of acquiescence if he can show that he did so in good faith and without being aware of the earlier mark's concurrent use. Acquiescence may be a basis for granting an injunction, and when deciding whether to accept the plea of acquiescence, the court will consider the user's mala fide intentions as well as the owner's knowledge of the unauthorized use of the mark, ignorance, and inaction for a sizable period of time. This will allow the defendant to simultaneously use the mark and obtain trademark registration.

¹⁸ *Supra* note. 1

¹⁹ *Neel Electro Techniques vs. Neelkanth Power Station*, 2014 SCC Online Bom 663