



## DOCTRINE OF FAIR USE IN TRADEMARK LAW: JUDICIAL PRONOUNCEMENTS

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### ABSTRACT

*The trademark law has evolved as a structural framework for identifying goods and services and creating market profiles that are tied to those identities. “A trademark is solely the property of its owner, and any unauthorised use of the trademark by a third party violates the owner's rights”. Everything has its restriction, similarly exclusive right provided to its owner is not absolute. A popular defence used in trademark infringement cases is “fair use”, which is founded on the legal principle that a trademark owner cannot monopolise a descriptive term solely and deny a third party the ability to accurately represent their products. “The defendant may use a plaintiff's trademark to identify the plaintiff's products under the “fair use” doctrine if there is no likelihood of confusion regarding the origin of the defendant's product or sponsorship or association by the mark's holder”. This paper will analyse the concept of fair use, types of “fair use” and judicial pronouncement related to this doctrine.*

**Keywords:** Fair use, Descriptive Fair use, Nominative Fair use, Trademark Infringement.

### Introduction

A trademark is a distinctive mark that can serve as a symbol designating the origin of products or services and assisting the consumer in recognising them. Such trademarks not only help people recognise a particular brand's goods and services, but also help consumers determine the quality of such goods and services.<sup>2</sup> Identification of products and services is the fundamental function of a trademark, and the registered owner's negative right to exclude others from using a trademark that is identical to or deceptively similar to that trademark is the core benefit of a trademark.<sup>3</sup>

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<sup>2</sup> TRADEMARK, WIPO, <https://www.wipo.int/trademarks/en/>

<sup>3</sup> “Mohan Lal vs. Sona Paint's Hardware and Microlube India Limited vs. Rakesh Kumar, 2013 (55) PTC 61[Del][FB] at p.83”.

Everything has its restriction, similarly exclusive right provided to its owner is not absolute. In today's time competition is at its peak, and the trademark is being used by the third-party through different platforms like advertisements, parodies, campaigns, media, comparative product marketing etc. Though, unauthorized third-party uses have been included in punitive provisions of the legislation. However, in some instances, a person may utilise someone's trademark if the usage is regarded as "fair use." Most of the globe recognises this "fair use" exception.<sup>4</sup>

"Section 30 of the Trademarks Act, 1999" in India includes the idea of "fair use," which provides an affirmative defence counter to a charge of infringement by the registered trademark owner.

### **Doctrine of Fair Use**

According to this doctrine, any person is allowed to use any registered trademark only when the usage of such mark preserves the uniqueness and sanctity of the registered mark and the registered user.

Fair use is allowed only when although, there is the use of a registered trademark without permission of the registered owner but there is no loss occurring to them by such use and no monetary profit is made. The meaning of Fair Dealing depends upon various facts and situations. What might be fair dealing depends from case to case and courts decide by applying common sense and fundamental logic?

However, care should be taken to ensure that the usage of a trademark under this sort of "fair use" is consistent with ethical business practices, does not imply affiliation with the trademark owner, and does not devalue the goodwill associated with the mark.

### **Examples**

1. "Ride-hard" the phrase used by Harley- Davidson (Motorcycle manufacturer) was considered fair use, not an infringer of "RIDE HARD" which is a trademark of an Apparel company. (The USA)
2. "Love potion" a term used on a fragrance product was considered fair use and not infringing the registered trademark named "LOVE POTION" which is a trademark used on a fragrance product. (The USA).<sup>5</sup>

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<sup>4</sup> "Fair Use of Trademarks (Intended for a Non-Legal Audience) , International Organisation of Trademark," <https://www.inta.org/fact-sheets/fair-use-of-trademarks-intended-for-a-non-legal-audience/>

<sup>5</sup> Id.

## **The Concept of Fair Use in Different Legal system**

### **TRIPS<sup>6</sup>**

According to Article 16(1) of the TRIPS agreement, the owners have the negative right to exclude others from using their marks without their permission.<sup>7</sup>

Certain exceptions to the rights provided by trademark law are established in “*Article 17 of the TRIPS Agreement*”. “*Members may, in accordance with this, grant specific exceptions to the rights granted by a trademark, such as the fair use of the registered mark, if such exceptions take into account the legitimate interests of the trademark owner as well as third parties*”.

### **EUROPEAN COUNCIL DIRECTIVE<sup>8</sup>**

Article 6 of the European council directive exempts specific trademark usage from infringement action. This permits the fair use of the registered trademark. It denotes three major categories of "fair usage," namely:

- (a) Use of one's own name or address
- (b) Information regarding the nature, quality, quantity, price, intended use, origin, timing of production, provision of services, and other attributes of products or services;
- (c) Particularly when they are accessories or replacement parts, it is crucial to describe the intended purpose of a good or service when using a trademark.

### **THE USA**

The fair use defence in trademark law in the US is frequently referred to as "trademark fair use." The exception of “Fair use” is given under “section 45”<sup>9</sup> of the USA Trademark Act, 1946.

### **Types of fair Use**

#### **1. Descriptive Fair Use:**

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<sup>6</sup> “Agreement on Trade-Related Aspects of Intellectual Property Rights, 1994”.

<sup>7</sup> “The owner has the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.”

<sup>8</sup> “First Council Directive 89/104/EEC”.

<sup>9</sup> “The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with—

(i) advertising or promotion that permits consumers to compare goods or services; or  
(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services Of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any non-commercial use of a mark”.

This defence is used when there is a use of another person's trademark to identify the user's product or service. Only where the disputed trademark has a description meaning, and the same mark has a secondary meaning as a trademark, this defence can be used.<sup>10</sup> It is also known as "Classic Fair Use".

Example- Utilizing the phrase "sweet-tart" to describe a cranberry beverage despite a candy company's "SweeTarts" trademark is considered Descriptive fair use.

## **THE DEFENCE OF DESCRIPTIVE FAIR USE DOES NOT APPLY IN THE FOLLOWING CASES-**

- Where the trademark is merely suggestive, such as when it takes assumption or mind to recognize the nature of the product or services, like the word "*TIDE for laundry detergent*", or where the mark is arbitrary, such as when the word or phrase has no connection with the products or services for which it is used, like the word "APPLE" for computers, or where the mark is fanciful, such as when an original word is registered as a brand name like- Nike.
- The use is not a descriptive use if the defendant employs the mark as a trademark or if the mark is used in a suggestive manner. If the defendant only uses a trademark as a descriptive term or phrase to appropriately depict something, which is considered fair use.

### **2. Nominative Fair Use:**

The term "nominative usage" refers to the usage of a trademark to identify the plaintiff's products and services rather than the defendants. Nominative use is defined as use that "names" the rightful owner of the mark.<sup>11</sup> The defendant may use a plaintiff's trademark to recognise the plaintiff's products under the nominative fair use doctrine "if there is no likelihood of confusion regarding the origin of the defendant's product or sponsorship or association by the mark's holder".<sup>12</sup>

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<sup>10</sup> *Supra* note 4.

<sup>11</sup> "Chadha & Chadha Intellectual Property Law Firm", "To Use or Not to Use: Understanding the Concept of Nominative Fair Use", "<https://www.lexology.com/library/detail.aspx?g=82b78d04-41f5-4181-a87a-aadb0d04c9c7#:~:text=In%20the%20simplest%20of%20words,mark%20owner%20goods%20or%20services>

<sup>12</sup> "Akerman LLP - Marks, Works & Secrets, Nominative Fair Use: The Second Circuit Joins Neither The Third Nor Ninth Circuits In Its Approach, <https://www.jdsupra.com/legalnews/nominative-fair-use-the-second-circuit-97807/>"

As long as the intent behind or result of the use of a mark does not lead to any form of doubt regarding the origin of the products or services, a third party is protected from trademark infringement lawsuits. *“News, blogs, commentary, criticism, parody, comparative advertising, and other non-commercial uses of a registered trademark are all covered by the concept of normative fair use”*.<sup>210</sup>

### **For example:**

When in a case where the auto repairing shop advertises that it repairs Fiats and BMWs. The mark “Fiats and BMWs” used are originally cars produced by the respective Motor Company, and use was just asserting that it is capable to repair those cars it was held as nominative fair use.

### **Origin of “Nominative Fair Use”**

The notion of "Normative Fair Use" was first, brought up<sup>211</sup> in the case *"New Kids on the Block Vs. News America Publishing, Inc."*<sup>212</sup>, in which a newspaper invited its readers to vote for their favorite singer in relation to a concert recently held by the well-known music group "New Kids on the Block." When the band sued for trademark infringement over the use of their brand name, the court ruled that the newspaper survey qualified as nominative fair use because it was done without any sponsorship or affiliation received from the brand owners and also there were no other means to gather public opinion.

The following conditions must be met by a user in order to be considered for nominative fair use, according to the Court:

- 1) *“The owner's registered trademark cannot be easily recognised without the use of the trademark”*;
- 2) *“The use of the mark must be restricted to identifying the product or services”*; and
- 3) *“The user must refrain from using the mark in any way that could be interpreted as being sponsored by or encouraged by the trademark holder”*.

In the case of *“Playboy Enterprises, Inc. Vs Welles”*<sup>213</sup>, defendant Terri Welles, A Playboy Playmate who applied the phrase "Playmate of the Year" as metatags on her website was accused of violating trademark laws. The court held that the title was given to her by the trademark owner itself, so there is no infringement of the trademark. She was therefore permitted to apply for the trademark on her website.

The concept of nominative fair use must be applied with extreme care to distinguish between circumstances where a registered trademark is used solely to gain unfairly benefit from the established reputation of the same.

In contrast to the other two, the nominative fair use is more contentious and challenging since it permits the use of a third party's trademark so far as there are no similarities or chances of ambiguity between the defendant and plaintiff's marks.<sup>13</sup>

### **India's Scenario relating to the doctrine of fair Use**

Since trademarks are the sole property of their registered owners, any unauthorised usage of a trademark by another party is an abuse of the owner's rights. But the Doctrine of "*fair use*" is an exception to these special rights. Fair use implies that the work should be used fairly. The Trademark Act 1999, which provides provisions related to the protection, prevention and registration of Trademarks in India, does not explicitly mention the definition of fair use but makes an exception for the doctrine of fair dealing.

The Trademark owner's exclusive rights are significantly reduced by fair dealing. The courts have frequently construed it by evaluating the financial impact it has on the trademark owner. The use can qualify as fair dealing if the economic impact is minimal.

**Provisions under Trademarks Act, 1999:** The registered Trademark grants, its owner an exclusive and negative right to exclude others to adopt, use or register a mark identical to or misleading similar to their own. This granted privilege is not a qualified one, it is subject to the limitation of fair use. The notion of "fair use" is incorporated into the Trade Marks Act, 1999 (the "Act") under Section 30, which is an affirmative defence available against a claim of infringement by the owner of a registered trademark.<sup>14</sup>

Previously, the 'concept of fair use' was mentioned under Sec 30 of the "*Trade and Merchandise Act, of 1958*". The Act grants fair use only a limited perspective. The following are the permitted fair use provided in the section-

(a) "*use in consonance with conditions or limitations of sale or export*"

(b) *use by acquiescence*"

(c) "*use denoting adaptability being an accessory to another trademarked good*" or

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<sup>13</sup> "Fair Enough: The "Fair Use" Defense to Trademark Infringement, <https://www.jaburgwilck.com/news-publications/fair-enough-the-fair-use-defense-to-trademark-infringement/>"

<sup>14</sup> Doctrine of 'Nominative Fair Use' Under Trademark Law, by IPR News | Jul 20, 2022 <https://unimarkslegal.com/blog/trademark-law/doctrine-of-nominative-fair-use-under-trademark-law/>

(d) “honest concurrent use”

These above provisions of the 1958 Act were *Pari Materia* with the 1938 Act in the UK.<sup>15</sup> The “*Yeast-Vite*” case, decided by the House of Lords in 1934, served as the foundation for the legislation relating to the idea of “Fair use” under Indian Trademark Law.<sup>16</sup> The plaintiffs, in this case,<sup>17</sup> filed a motion to stop the defendants from using the registered trademark “Yeast-Vite” in connection with their products. The defendants used “Yeast- Tablets” as a replacement for “Yeast-Vite” when using the company's products. It was determined that the user set the defendant's products apart from those of the plaintiffs. The House of Lords concluded held that there was no infringement because the purported mark had to be used to identify the source of the products as coming from him.

The court also held that the test of usage under the applicable provision is to evaluate from the standpoint of an average cautious consumer of the product while also checking the components of deceit. In instances of adoptive “use” of the plaintiff's trademark, the burden of proof shifts to the defendant.<sup>18</sup>

**Present Scenario:** Although the core of the law is still the same under the “*Trade Marks Act of 1999*”, as it was under “the Act of 1958”, the grounds for finding an infringement have been greatly expanded to include protection from passing off, dilution, tarnishment of marks, as well as unfair, practises in comparative advertising.

Thus, the Trade Marks Act of 1999's provides a two-step fair use criterion by which it will not be an infringement of a registered trademark if:<sup>19</sup>

1. The use is by honest commercial matters and
2. The usage doesn't unfairly exploit the registered trademark's unique qualities or reputation or damage them in any other way.

### Types of Fair Use in Trade Marks Act, 1999

#### 1. Descriptive Fair use

In India, according to *Section 30(2)(a) of the Trade Marks Act, 1999*,<sup>20</sup> “the defence of descriptive fair use, is applied where the registered mark is used about goods or services to

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<sup>15</sup> Sec 29 of the Trade and Merchandising Act, 1958 has been a re modified version of the UK Act of 1938, which itself was amended under the considerations of the Board of Trade: Trade Marks Committee, 1933 (Goschen Committee); for more discussions see <http://www.nationalarchives.gov.uk>

<sup>16</sup> Sarathi, Vepa P, The Trade and Merchandising Act, 1958, 2nd Edition (1982).

<sup>17</sup> *Irving's Yeast-Vite Ltd. v. F.A. Horsenail*, (1934) 51 R.P.C 110.

<sup>18</sup> *Banga Watch Company v. N.V. Phillips*, AIR 1983 P&H 418

<sup>19</sup> “The Trademark Act, 1999, Section 30(1) specifically establishes the following general conditions”:

- a) “Use is in conformity with ethical standards in business or industry [bona fide use]”;
- b) “Use does not in any way compromise the trademark's reputation or unique character or unfairly exploit it.”

<sup>20</sup> The Trade Marks Act, 1999, Section 30(2)(a).

*describe the nature, value, quality, proposed use, worth, geographical origin, manufacturing time of goods or the time of rendering of services, or any other features of goods or services*". Permission of fair use under section 30(2) (a) of The Trademark Act, 1999 is only given in the interest of free competition.

The Delhi High Court in the case of "*Carlsberg India Pvt. Ltd v. Radico Khaitan Ltd*"<sup>21</sup> stated that in an action for infringement, the 'fair use defence' is available solely to cases when the alleged infringer exploits a trademark only in a descriptive sense, as opposed to the trademark infringement. Therefore, the likelihood of infringement remains low if a mark is employed in a way that makes it likely that it will be interpreted as an indication of origin.<sup>22</sup> According to Section 30 of the Act, an assessment of such use must be made.

Even while these rulings offer great guidelines for fair uses, the courts may still need to look into the other factors to determine whether there has been an infringement. This is especially true in light of the TRIPS agreement's requirement for the "balanced interest" of the owner and the third party, to which India is a party.

## **2. Nominative fair use**

The nominative fair use defence has been accepted by courts all around the world while dealing with infringement proceedings. "Nominative fair use" is a permitted exception to the trademark's exclusive use right, as per the Trademark Act of 1999.

According to "*Section 30(2)(d) of the Trade Marks Act of 1999*,"<sup>23</sup> *nominative fair use by a third party is not regarded as trademark infringement as long as neither the purpose behind the use of the mark nor the result of it casts any doubt as to its source of commerce*".

To put it another way, the law of nominative fair use allows a defendant to use a plaintiff's trademark to identify the plaintiff's goods as long as there is no chance of confusion regarding the source of the defendant's product or the mark holder's sponsorship or involvement.<sup>24</sup> As an exception to trademark infringement that has been confirmed by Indian courts, the defence of nominative use is permitted in certain circumstances in order to safeguard the rights and

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<sup>21</sup> *Carlsberg India Pvt. Ltd v. Radico Khaitan Ltd* FAO (OS) 549 of 2011, 567 of 2011

<sup>22</sup> *Durga Dutt Sharma v. Navaratna Pharmacy Laboratories*, AIR 1965 SC 980.

<sup>23</sup> "Section 30 (2)(d) of The Trademark Act, 1999" provides that: "the use of a trademark 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 r 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".

<sup>24</sup> "Nominative Fair Use: The Second Circuit Joins Neither the Third nor Ninth Circuits In Its Approach", "<https://www.jdsupra.com/legalnews/nominative-fair-use-the-second-circuit-97807/>"



interests of the brand owner.

In order to be considered under the defence of normative use, the defendant must prove that he/she was required to use the registered mark in question in order to identify their own product.

### **Judicial Pronouncements related to Fair Use**

The Chennai High Court held the following in the case of *"Consim Info Pvt. Ltd vs Google India Ltd"*.<sup>25</sup>

*"A usage is deemed an authorized nominative fair use if it fits three criteria, namely,*

- 1. The contested commodity or service must be one that cannot be easily identified without the use of the trademark;*
- 2. Just as much of the mark or marks may be used to identify the good or service as is reasonably necessary; and*
- 3. The user must not use the mark in any way that might be seen as being sponsored by or endorsing the trademark proprietor."*

In the case of *"Hawkins Cookers Ltd. Vs Murugan Enterprises"*,<sup>26</sup> Hawkins Cookers Limited, the owner of the trademark "Hawkins," which is used on a variety of items, including pressure cooker gaskets, filed a lawsuit against the defendants, Murugan Enterprises, for using their mark on the gaskets supplied by the defendants. The respondents claimed that the use of the Hawkins trademark was incidental given that they already owned the well-known *"Mayur"* brand, which prominently featured a peacock on its product packaging.

In this instance, the Delhi High Court determined that no reasonable customer or purchaser could conclude that the "Hawkins" brand of pressure cookers and the *"Mayur"* brand of gaskets were in any way related commercially. The court added that the defendant's use of the "Hawkins" mark was limited to demonstrating the product's appropriateness for use as an accessory item in a Hawkins pressure cooker and that this usage would clearly fall under the exception established by Section 30 of the Trademarks Act, 1999. Neither had Murugan Enterprises attempted to establish a relationship between the two or attempted to make money off of Hawkins' trademark.

The court additionally stated that "honest use" has been met in the aforementioned situation. According to the court's opinion, the deception should be such that consumers would assume the mark is indicative of the same being a plaintiff's trademark in order for Hawkins' filing of the lawsuit to succeed in creating a monopoly on these (gaskets) supporting products in order

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<sup>25</sup> Consim Info Pvt. Ltd vs Google India Pvt. Ltd (2010(6) CTC 813)

<sup>26</sup> Hawkins Cookers vs. Murugan Enterprises (2008) 36 PTC 290 (Del).

to prevent competition.

The case went in the appeal,<sup>27</sup> and this time court held that in the use of the sentence “suitable for HAWKINS Pressure Cookers” the defendant had used the same font and colour for writing “HAWKINS” as it is used by the registered owner of the original trademark while doing so the defendant gives unjustified importance to the term “HAWKINS”, and therefore, dismissing the defendant defence of normative fair use under section 30 (2) (d) of the Trade Marks Act, 1999. Thus, in order for the use of the registered trademark to be considered nominative fair use, the user must demonstrate that it was necessary for his product to be identified by the registered trademark.

### **Conclusions/Suggestions**

The notion of fair use is an exemption to the owner of a trademark's special right guaranteed by the laws governing trademarks. This is seen as fair use defence when a trademark is used to allude to a trademark owner or their products or services for reporting in a news article, commentary on television or radio, in instances of constructive criticism and parody, as well as in instances of comparison advertising. However, the TRIPS agreement's requirement for the "balanced interest" of the owner and the third party must be taken into consideration when granting this right. Any person should only be allowed to use any registered trademark only when the usage of such mark preserves the uniqueness and sanctity of the registered mark and the registered user.

The courts must be extremely stringent to grant the remedy of fair use, even though it is exceedingly difficult for a user to prove all of the ingredients mentioned above. It should not be permitted for anybody and everyone to utilise a trademark that serves as the brand identification of a company. When evaluating the relief of fair use, one should take into account the labour, time, money, and effort the trademark owner invested in making the mark unique.

Few suggestions

1. The definition of Fair use has to be explicitly mentioned in the Trademark Act, of 1999 as it is not defined under the act. What might be fair dealing depends from case to case and courts decide by applying common sense and fundamental logic? There must be a specific definition provided under the act.
2. The concept of nominative fair use is more contentious and challenging since it permits

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<sup>27</sup> Hawkins Cookers vs. Murugan Enterprises (92012) (50) PTC 389 (Del-DB)

the use of a third party's trademark so long as there are no similarities or chances of confusion between the defendant's and plaintiff's marks, thus the court has to be more stringent while granting the relief of fair use.

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