

# A Glance on ‘Prior Use’ with the Support of N.R. Dongre and Others v. Whirlpool Co. and Another, 1996 in IPR Regime - Critique

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## **Abstract**

The trademark law in India enables innovators to have exclusive rights over their products or service by providing them a unique identity. According to Section 2(1)(zb) of the Trademarks Act, 1999, defines a trademark as a mark that is described as the capable of being represented as graphically to identify and distinguish the goods and services of a particular owner from others. The trademark provides exclusive rights and various advantages to its owners such as an increase in the sales, advertisement of the product or service, establishing the reputation of the product or service, etc. *This article deals with the landmark case of N.R.Dongre and others v. Whirlpool Corporation and others case concerning prior use, transborder reputation, passing off and well-known marks.*

## **Introduction**

It is an established principle under the trademark law in India that whoever uses the trademark first will be considered the owner or the creator of it. This principle is known as the doctrine of prior use. It is a judicial principle which states that the prior user of the mark will have superior and exclusive rights against that of a registered proprietor claiming for such mark. In this article, we will discuss the landmark case of *N.R.Dongre and others v. Whirlpool Corporation and others, 1996*, wherein Whirlpool claimed a mark, based on the principle of ‘prior use’ and its transborder reputation stating that the goods being marketed by using such mark gave the impression that such goods belong to Whirlpool.

## **‘Prior Use’<sup>1</sup> under the Trademark Law in India**

Section 28 of the Trademarks Act, 1999 provides an exclusive right to use a trademark if such trademark is registered for trade purposes, however, an exception to this provision is mentioned under Section 34 of the Trademarks Act, 1999. This provision states that the rights of an actual owner of the mark cannot be violated on an identical trademark which has been registered by another. This means that the rights of the original owner or creator of the mark will be protected by the Trademarks Act, 1999 even if not registered, however, such mark must be in use prior to the date of registration done by the proprietor.

## **Role of Transborder reputation in India**

Section 35 of the Trademarks Act, 1999 deals with the concept of transborder or spillover reputation. It provides protection to foreign trademarks based on their reputation at the global level. By virtue of this Section, the Indian Courts have dropped the conventional approach which required the registration or

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<sup>1</sup>Prior use means any legal use of real property or appurtenances thereto made by the owner or possessor of such real property prior to the effective date of the ordinance codified in this chapter, or the date of application for a solar permit the granting of which may affect such legal use.

use of a trademark in India for establishing a case of passing off. By recognizing the ownership of a trademark by a foreigner on the basis of the reputation of their goods or services in a foreign land, the concept of transborder reputation has been sown in the trademark law of India. This principle of transborder reputation was dealt with extensively in the case of *N.R.Dongre and others v. Whirlpool Corporation and others*<sup>2</sup>.

### **Gist of the Dongre case**

The Whirlpool Corporation was the original and prior user of the trademark ‘*whirlpool*’ since the year 1937. The said trademark was used for their electrical goods which included washing machines. Whirlpool Corporation got its trademark registered in India in the year 1956 which was renewed regularly, however, in the year 1977 the respondents failed to do the renewal on account of which the registration expired. The Whirlpool Corporation, a multinational company incorporated in the United States and TVS Whirlpool, a company incorporated in India (respondents, initially the plaintiffs) entered into a joint venture in the year 1987 to sell machines. Prior to this, the machines were sold to the US embassy in India bearing the mark of whirlpool. In the year 1986, N.R. Dongre and others (appellants, initially defendants) applied for the registration of the trademark ‘*whirlpool*’ with the registrar for selling certain goods which included washing machines and in the year 1988, the said trademark was advertised for the first time in the trademark journal. Subsequently, an objection was raised by the respondents which was dismissed by the registrar on the basis of lack of reputation and non-usage of the trademark ‘*whirlpool*’ in India. It was further said that the usage of the trademark ‘*whirlpool*’ by N.R Dongre for selling his goods would not create any confusion in the market.

### **Issues focussed on this case:**

- Whether or not the action for passing off is maintainable against the registered proprietor of a trademark by the respondents who are not the registered proprietors of the ‘*whirlpool*’ trademark concerning washing machines?
- Whether or not the respondent acquired a transborder reputation?
- Whether such transborder reputation transcends the territorial boundaries or not?

### **Verdict of court:**

The Hon’ble Supreme Court also stated that since the mark ‘*whirlpool*’ has become synonymous with washing machines and other such electrical appliances of the respondents, the people intending to buy their goods will most likely be confused or deceived if the appellants continue to sell their goods under the same mark ‘*whirlpool*’. If the appellant is allowed to sell his goods under the same mark then the respondents might suffer heavily as the goods sold by the appellants are of inferior quality than that of the respondents. Based on the above-mentioned grounds, the Apex Court upheld the decision of the Delhi High Court and dismissed the appeal with a cost of Rupees 10,000/.

### **Judicial activism on ‘Prior Use’**

In various relevant decisions court held that, an action of passing off the registration of a mark is irrelevant and to establish a case of passing off, the manufacturer has to prove the prior use<sup>3</sup>. In another

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<sup>2</sup>(1996) 5 SCC 714

<sup>3</sup>Century Traders v. Roshan Lal Duggar and Co., AIR 1978 Delhi 250.

case, even though the goods of a particular manufacturer are not exist in the specified region for a specified time the goodwill or reputation on such manufacturer still exists. More importantly, it is irrelevant as to whether the goods are being sold or not in a country, if the manufacturer by means of advertisements in media makes it known to the people that a particular product belongs to their brand. This case established that trading in India is not a mandate to protect one's goodwill<sup>4</sup>. Further, for the grant of injunction is essential that some material discloses the fact that the public associates the product or mark in dispute with that of a particular manufacturer. This case deals with the general nature of trade dress and what constitutes passing off<sup>5</sup>. However, before seeking relief for passing off, a manufacturer has to prove that a certain reputation or goodwill exists in their mark among the people of the country<sup>6</sup>. In the case of *Reckitt & Colman Products Ltd. v Borden Inc.*<sup>7</sup>,. court instructed the Trinity Test for trademark infringement issue.

### Critical analysis

In the case of *N.R Dongre and others v. Whirlpool Co., and others*<sup>8</sup>, the Hon'ble Supreme Court held that mere advertisement of a trademark was sufficient enough to establish local use and goodwill even if there is no physical presence of goods in the Indian market. This case clearly supported the transborder reputation concept of a mark even against the registered proprietor of the trademark. However, the Apex Court in the case of *Toyoto Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd.*<sup>9</sup> came up with an opposing decision. It was stated that the reputation and goodwill of a mark have to be established in the Indian market to attain well-known status in India. The incongruity established between the cases of *N.R Dongre* and *Pirus Industries* is yet to be explained by the Apex Court.

### Conclusion

For the first time in the Indian legal regime, the concept of well-known marks and transborder reputation was discussed in detail through the case of *N.R. Dongre and others v. Whirlpool Corporation* and another in 1996. This case laid down that the registration of a trademark is not an essential requirement to establish a successful action of passing off. It further laid down that in case of misuse, the owner of a well-known mark can seek an injunction. With regard to trademark concern prior use principle should be taken on account while issuing trademark for the new registrants it is more useful for the individuals to identify the trademark which is prolonged exists for some products. Otherwise lot of interruptions will arise and the individuals will be the sufferer.

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4Kamal Trading Company v. Gillette UK Ltd., 1988 PTC 1.

5William Grant and Sons v. McDowell and Co., Ltd.,(1994) DLT 80.

6WWF International v. Mahavir Spinning Mills Ltd.,(1994) DLT 271.

7[1990] 1 All E.R. 873

8(1996) 5 SCC 714

9 2018 (73) PTC1.