



Fairness of 'Fair Use' in Spare Parts Market

Thought Leadership • November 9, 2020

By **Manish Biala** and **Ashutosh Upadhyaya**. This article will be broaching the subject of "fair use" of registered trademarks by spare parts industries. There exists a huge spare parts market for automobile, home appliances, etc. where third parties, manufacture and sell spare parts. These manufacturers could be either original equipment manufacturers (OEMs) or independent manufacturers. The OEMs work under a license, with the requisite know how of the parent product, and there exists a scrutiny upon these manufacturers from the companies for whom they manufacture. Independent manufacturers enjoy the same liberty, but without any supervision by the companies, whose spare parts they manufacture. To identify the fit and fix of a spare part, the OEMs market their products under terms like. '*Suitable for XYZ car*' or '*meant for ABC printer*' or '*Compatible with 123 Cooker*', where XYZ, ABC and 123 are the brand names of the parent products. The independent spare parts manufacturers use the same terms to identify the fit and fix, albeit not an OEM or authorized dealers. So, how will a customer identify an OEM from a non-OEM? Use of registered trademark by independent manufacturer is protected by Section 30(2)(d) of the Trade Marks Act, 1999, which allows them to use third party trademarks for identification purposes. The interplay between the concept of fair use under section 30(2)(d) and infringement of trademark despite being apparent, is really subtle, resulting into disputes. Three key point under section 30(2)(d) are:

1. **goods adapted to form part of**, or to be accessory to other goods or services
2. The use of the trade mark is reasonably necessary in order to indicate that the goods or services are so adapted;
3. 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.**

Point (a) is moot as all spare parts are adapted to form part of parent products, but point (b) and (c) could use some verbiage. The question under point (b) is whether the use of registered trademark on the accessory is reasonably necessary. The Division bench of Hon'ble High Court of Delhi in **Hawkins Cookers Ltd. Vs. Murugan Enterprises** (2012) 189 DLT 545 clarifies the position. The defense under section 30(2)(d) was not appreciated as the gaskets of the defendant were adaptable, not only to the pressure cooker under the trademarks "HAWKINS", but also to other pressure cookers. The settled position of law is that the use of registered trademarks must not only be reasonably necessary, but shall not be in an eye-catching manner. That means, one cannot use the registered trademark prominently, in the same font and design, rather the use must be unimportant and should reflect only the adaptability. However, once the defense under Section 30(2)(d) is invoked by independent manufacturers, it is inferred that the mark is already being used as a trademark, and infringement becomes implicit. This brings us to point (c), which if read from the bare act, starts with an 'and',



right after point (b) ends and hence, it is understood that the importance of point (b) and (c) with reference to infringement is apropos. Point (c) articulates that use of registered trademarks shall not indicate any commercial connection between the trademark owners and the independent manufacturers. The intent of the legislature was apparent that one must not ride upon the goodwill/reputation of trademark owners, by depicting a commercial connection in the course of trade. However, there are not many decisions pertaining to 'commercial connection' concerning fair use. The Learned Single Judge of the Hon'ble High Court of Delhi did delve into this aspect; however, as the matter is sub-judice before the Hon'ble Division Bench, we will not be referring to the ratio of the said judgment. Terms like 'Suitable For' or 'Compatible with' might beguile the consumer into believing that the products of independent manufacturers have a commercial connection with the owner of the trademark, giving them a sense of reliability. Therefore, even though the mark is not used in an eye-catching and/or prominent manner, the element of commercial connection may still exist. Finally, it is clear from the heading of the Section 30; it merely places limitations on the registration, and therefore, cannot have any applicability on the inherent common law rights existing in the trademark. Thus, the independent manufacturers under the garb of section 30 ought not to play duck and drakes with the proprietors' common law rights. This article was first published on [Asia Law Business Journal \(ABLJ\)](#).

ASIA BUSINESS LAW JOURNAL

Analysis of 'fair use' of trademarks in spare parts market



Manish Biala

Ashutosh Upadhyaya

