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Delhi High Court holds that the right emanating from the registration of a trademark must yield to the right of a prior user that has accumulated goodwill

A Division Bench of the Delhi High Court (“**Delhi HC**”), in *Thukral Mechanical Works vs. PM Diesels Private Limited*¹, has delivered the first judicial pronouncement in India on what is considered as an ‘impasse’ in intellectual property jurisprudence. The Delhi HC addressed the legal consequences that arise when a party applies to register a mark but delays its use, while another adopts the mark and acquires sufficient goodwill before the registrant’s first use. The judgment records that statutory registration cannot defeat the vested rights of a prior user who has acquired substantial goodwill.

Brief facts

The Respondent, PM Diesels Private Limited (“**PMD**”) was the registered proprietor of the word mark ‘**FIELDMARSHALL**’ for diesel oil engines and parts thereof from October 16, 1964 (“**PMD Mark**”).

Jain Industries (“**Jain**”), the predecessor in title of the appellant, Thukral Mechanical Works (“**Thukral**”) was the registered proprietor of the trademark ‘**FIELD MARSHAL**’ for centrifugal pumps (“**Jain Mark**”) with effect from May 13, 1965. The Jain Mark was assigned to Thukral by way of a Deed of Assignment in 1986 (“**Deed of Assignment**”).

PMD did not hold any registration of the mark ‘**FIELDMARSHALL**’, more specifically even for using it in respect of centrifugal pumps. However, PMD commenced using the mark ‘**FIELDMARSHALL**’ for centrifugal pumps in 1975. By the time Thukral commenced use of the Jain Mark in 1988, PMD was in continuous use of the mark ‘**FIELDMARSHAL**’ for centrifugal pumps and had acquired substantial goodwill and reputation.

The above facts gave rise, *inter alia*, to the following cross proceedings before the Delhi HC:

1. PMD filed a suit against Thukral alleging that Thukral was manufacturing and selling centrifugal pumps under the Jain Mark. PMD contended that this conduct infringed the PMD Mark and amounted to passing off its goods as those of PMD (“**PMD Suit**”); and
2. Thukral filed a suit *inter alia* against PMD seeking an injunction restraining PMD from using the PMD Mark on centrifugal pumps on the ground that such use infringed the Jain Mark, which was a registered mark (“**Thukral Suit**”).

During the pendency of the PMD Suit and the Thukral Suit, PMD filed an application under Section 46 (1) (b) of the Trade and Merchandise Marks Act, 1958 (“**TMMA**”) for removal of the registration of the Jain Mark from the register of trade marks. The matter was transferred to the Intellectual Property Appellate Board, where it was dismissed on

¹ 2026 SCC OnLine Del 445

the ground that Thukral's non-use for 5 (five) years had not been made out. The matter travelled up to the Supreme Court of India ("**Supreme Court**") which *inter alia* held that Jain was the only registered proprietor of the Jain Mark and that PMD in using the 'FIELDMARSHAL' mark for centrifugal pumps had infringed the Jain Mark ("**Supreme Court Order**").

The PMD Suit and the Thukral Suit (amongst others) were disposed of by an order of the Delhi HC ("**Impugned Order**") *inter alia* holding that:

1. it is a settled law that registration alone does not confer rights without corroborative use;
2. there was no evidence to indicate that Jain ever used the Jain Mark for centrifugal pumps, while PMD had demonstrated adoption and prior use of the 'FIELDMARSHAL' mark for centrifugal pumps;
3. the assignment of the Jain Mark to Thukral by way of the Deed of Assignment was defective due to lack of use by Jain in terms of Section 46 (1)(b) of the TMMA. Therefore, Thukral's adoption of the Jain Mark in the same field as PMD was dishonest and liable to be cancelled; and
4. PMD was the prior user of the 'FIELDMARSHAL' mark for centrifugal pumps. The use of the Jain Mark by Thukral constituted passing off as the marks were identical and the goods were cognate and allied.

In view of the above, PMD was granted a perpetual injunction restraining Thukral from dealing in centrifugal pumps under the Jain Mark and from passing off diesel oil engines and parts thereof, such as pumps under the Jain Mark.

Being aggrieved, Thukral challenged the Impugned Order before the Division Bench of the Delhi HC.

Issue

Whether an infringer can seek to injunct the person whose trademark it has infringed from using the mark on the ground of passing off ?

Findings and analysis

The Delhi HC disposed of the batch of appeals and *inter alia* held as follows:

1. the PMD Mark was registered for diesel engines and not centrifugal pumps. Jain was the registered proprietor of the Jain Mark for centrifugal pumps. In using the mark 'FIELDMARSHAL' for centrifugal pumps, PMD had infringed the Jain Mark. The Impugned Order was passed in violation of the Supreme Court Order;
2. in *Neon Laboratories vs. Medical Technologies Limited*², the Supreme Court held that in a claim for passing off, goodwill must be shown to exist on the date of actual user of the mark by the defendant;
3. in the present case, while Jain had obtained registration of the Jain Mark in 1965, it did not use the same until 1988 pursuant to its transfer to Thukral. In the interregnum, PMD commenced using the mark 'FIELDMARSHAL' for centrifugal pumps in 1975. By 1988, PMD had generated considerable goodwill and reputation of the 'FIELDMARSHAL' mark for centrifugal pumps. The acquisition of goodwill in the 'FIELDMARSHAL' mark for centrifugal pumps would entitle PMD to injunct Thukral from using the Jain Mark on the grounds of passing off; and
4. in *S. Syed Mohideen vs. Sulochana Bai*³, the Supreme Court held that where a case of passing off is made out, the defendant cannot escape an injunction on the ground that it is a registered proprietor of the mark which the owner of the goodwill seeks to injunct. Thus, Thukral could not seek to displace PMD's right to obtain an injunction on the ground of passing off on the basis of the registration of the Jain Mark in 1965.

² (2016) 2 SCC 672

³ (2016) 2 SCC 683

In view of the above, PMD was permanently enjoined from using the mark 'FIELDMARSHAL' for centrifugal pumps on the ground of infringement while Thukral was enjoined from using the Jain Mark for centrifugal pumps on the ground of passing off.

Conclusion

This judgment marks a significant development in Indian intellectual property jurisprudence by recognising what has been termed as the 'Kerly Impasse', which is a scenario where both parties possess an independent, simultaneous right to seek injunctions. One by virtue of statutory registration and the other by virtue of accrued goodwill.

This judgment serves as a caution to registered proprietors who risk attracting injunctions in claims for passing off by obtaining registration but delaying use. The decision further underscores that prior use and generation of goodwill remain the most significant factors in a claim for passing off.

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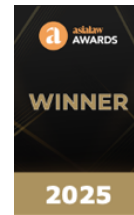
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