

How to License a Trademark in India

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Trade mark license is an agreement between the registered proprietor of the trade mark (licenser) and another person (licensee), authorizing the licensee to use the trade mark in course of trade, against the certain payment of royalty to the licenser.

The word license is not mentioned in the Trade Marks Act, 1999. But the act speaks about the “registered user” and “permitted use.” Section 48 to 53 of the Act contains the provisions relating to “registered user”. Section 48 provides for any person other than the registered proprietor to be registered as the registered user for the use of the mark in commerce.

Section 2 (1) (r) of the Act lays down the provision for two types of “permitted use”, one by the registered user and the other by any person other than the registered user.

Section 49 of the Act regulates the registration as a registered user. The registered proprietor and the proposed registered user should jointly apply for registration as registered user in a prescribed form. The application should include

- The agreement between them, in writing or a duly authenticated copy of the agreement.
- An affidavit, made by the registered proprietor or a person authorized by him. The affidavit should include particulars of the relationship between the registered proprietor and the proposed registered user. It should also include the degree of control, exercised by the proprietor over the permitted use and whether the proposed registered user would be the sole registered user.
- Information about the concerned goods or services.

- Conditions or restrictions, if any, regarding the characteristics of the goods or services and the mode, place and period of permitted use.
- Information about whether the permitted is for a limited period or without any such limit.

The application for registration should be made within six months of the date of the agreement. The Registrar is the final authority under the Act to grant the registration. The Registrar would register the proposed registered user after being satisfied of the compliance of the requirements of the registration. If there are other registered users, he shall issue notice in the prescribed manner about the proposed registered user to them. The registration will be published in Indian Trade Marks Journal within two months of registration.

The registered user has the right to use the registered trade mark, subject to the conditions and restrictions of the agreement on payment of certain royalty. He can institute infringement proceedings under certain circumstances. But he cannot transmit and assign these rights.

Permitted use of a registered trade mark by a person other than the registered user is allowed under certain conditions:

- The trade mark must remain registered for the time being
- The use should be with consent of the registered proprietor and the consent should be given by a written agreement.
- The use must be complied with any conditions or limitations to which it is subjected or the registration of the mark is subjected.

The main difference between the registered user and unregistered permitted user is that the registered user can institute proceedings of infringement in certain circumstances, where as the unregistered permitted user does not have such a right.

Trade Mark licensing is profitable for both the licensor and the licensee. The licensor gets a steady revenue source in the form of royalty and the license also acts as a defense against infringement of the trademark, which has been licensed. The license confers the licensee with the goodwill and recognition attached with the trademark and hence it is commercially beneficial for the licensee.