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# WITNESS

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# A Story of David And Goliath

## Toyota Jidosha Kabushiki Kaisha V. M/S Prius Auto Industries Ltd. & Ors.

■ Archana Sachdeva & Nikhil Lal



Bench comprising of Hon'ble Mr. Justice Gogoi and Hon'ble Mr. Justice Navin Sinha on December 21, 2017 delivered their Judgement in the case of Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd. & Ors. The dispute before the Hon'ble Supreme Court of India was on the specific issue of whether the use of the name 'Prius' and specifically whether the use of the said name/ mark to market automobile spare parts manufactured by the Respondents / Defendants would amount to passing off their products as those of the Appellants / Plaintiffs.

The dispute inter se the parties pertained to the Appellants' claim that the Respondents were indulging in acts of trade mark infringement with respect to their registered trademarks viz. 'TOYOTA', 'TOYOTA INNOVA' and the 'TOYOTA' device; as also passing off the Respondents' services / goods as those of the Appellants' in so far as the use of the trade mark 'PRIUS' was concerned. Admittedly, the Appellants did not have a trade mark registration for the mark PRIUS in India, while only having filed an application in the year 2009, with a 'PROPOSED TO BE USED' user claim.

A civil suit was brought by the Appellants before the Hon'ble Delhi High Court and while initially an ad interim ex parte order was granted in favor of the Appellants, the same was subsequently vacated by a speaking order, inter alia, basis the following defenses set up by the Respondents:

a) The use of the marks TOYOTA, TOYOTA INNOVA and the TOYOTA Device by the Respondents was only to indicate which spare parts would be suitable for which vehicles and that the use therefore is not use in the course of trade. Defense under Section 30 of the Trade Marks Act 1999 was set up.

b) The mark PRIUS was being used as part of the Respondents' trade name since the year 2001, continuously and uninterruptedly and that the Respondents had procured two trade mark registrations for the said mark, dating back to 2002 and 2003 respectively.

c) No trans-border reputation could be claimed by the Appellants for their mark PRIUS as no documents from the relevant period i.e. till 2001, in support of the same were filed by the Appellants.

d) The mark PRIUS was being used openly by the Respondents so much so that in the year 2003 both Respondents and the Appellants advertisements featured simultaneously in the Autocar Magazine, despite which no action was taken by the Appellants;

e) The suit suffered from delay, as the suit was brought in the year 2009, while the Respondents had been openly using the mark PRIUS since the year 2001. In fact the trade marks PRIUS of the Respondents were advertised in the same trade mark journal as the Appellant's Toyota trade marks, despite which no action, neither in the form of oppositions nor a legal action was initiated by the Appellants.



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f) The mark PRIUS was a dictionary word, meaning 'Prior' and since the Respondents were one of the first companies in India to manufacture add-on chrome plated accessories, they conceptualized their attempt as 'PehlaPrayas'.

g) The Respondents were dealing with other popular car companies such as Hyundai, General Motors etc. in the course of their business, under their trade name PRIUS and that there were no instances of confusion in the market.

The order vacating the ad interim ex parte injunction was challenged in appeal by the Appellants and the Hon'ble Division Bench, while putting in place certain safeguard qua the use of the marks 'TOYOTA', 'TOYOTA INNOVA' and 'TOYOTA DEVICE' by the Respondents, did not deem it appropriate to interfere with the order as far as the mark PRIUS was concerned.

After the conclusion of trial, the Ld. Single Judge held that the acts of the

Respondents constituted infringement of the trademarks 'TOYOTA', 'TOYOTA INNOVA' and 'TOYOTA DEVICE' registered in favor of the Appellants. He restricted the use of the said marks in terms of the order passed by the Ld. Division bench of the Court. The learned Judge also held that the acts of the Respondents amounted to passing off of the Respondents' goods under the trade name 'Prius' and the Respondents were restrained from using the same. Further, punitive damages to the tune of INR 10 lakh were awarded to the Appellants.

The judgment of the Ld. Single Judge was challenged by both parties. The Division Bench of the Delhi High Court, by the impugned judgment, on grounds and reasons, that will be noticed in the course of deliberations and discussions that follow, took the view that grant of injunction in favor of the Appellants / Plaintiffs, insofar as the trade name 'Prius' is concerned, was not justified. In addition, while the Ld. Single Judge in his judgment found that the Appellants have been able to file documentary

evidence to establish its case of trans-border reputation in India, in appeal the Ld. Division Bench, while accepting the Respondents' submissions, set aside the said observation of the Ld. Single Judge. Also, the appeal filed by the Appellants / Plaintiffs in regards to quantum of damages was also dismissed.

The matter thereafter travelled to the Apex Court, where after hearing detailed arguments by both parties, the Hon'ble Supreme Court of India affirmed the decision of the Division Bench of the Hon'ble High Court and dismissed the appeal filed by the Appellants.

## ANALYSIS BY THE HON'BLE SUPREME COURT OF INDIA

### TERRITORIALITY PRINCIPLE V. UNIVERSALITY PRINCIPLE

The Hon'ble Supreme Court had to decide whether the Territoriality Principle (a trade mark being recognized as having a separate existence in each sovereign country) or the Universality principle (which posits that a mark signifies the



same source all over the world) would be applicable in this case. The Hon'ble Bench while applying the territoriality principle held that there must be adequate evidence to show that the Appellants had acquired a substantial goodwill for its car under the brand name 'Prius' in the Indian market as well. The Hon'ble Bench also stated that to give effect to the territoriality principle, the courts must necessarily have to determine whether there has been a spillover of reputation and goodwill of the mark used by the claimant who has brought the passing off action. The nature of goodwill as a legal property with no physical existence means that when a business is carried on in more than one country, there must be separate goodwill in each.

While the Appellants had placed reliance on advertisements in automobile magazines, international business magazines, availability of data in information-disseminating portals like Wikipedia and online Britannica dictionary and the information on the internet, the same did not pertain to the relevant point of time, i.e. when the Respondents actually adopted the impugned mark. The Hon'ble Bench was of the view that the same would not be a safe basis to hold the existence of the necessary goodwill and reputation of the product in the Indian Market at the relevant point of time also due to the limited exposure to the internet at that point of time, i.e., the year 2001. Acknowledging that the trade mark 'Prius' had undoubtedly acquired a great deal of goodwill in several other jurisdictions in the world and that too much earlier to the use and registration of the same by the Respondents in India, it held that the Plaintiff had not been able to firmly establish the acquisition and existence of goodwill and reputation of the brand name in the Indian market.

Coupled with the above, it was held that the evidence provided by the Appellants is suggestive of a very limited sale of the product in the Indian market and virtually the absence of any advertisement of the product in India prior to April, 2001. This, in

turn, would show either lack of goodwill in the domestic market or lack of knowledge and information of the product among a significant section of the Indian population.

### **WHETHER THE TRIPLE IDENTITY TEST STANDS ESTABLISHED ON THE TEST OF LIKELIHOOD OF CONFUSION OR REAL/ACTUAL CONFUSION**

The Hon'ble Bench shifted to the question of whether the triple identity test (to prove passing off action, three ingredients are required to be proved by the Appellants, i.e., his goodwill, misrepresentation and damages) would stand established on the test of likelihood of confusion or real/actual confusion.

The Hon'ble Bench recorded that the possibility or likelihood of confusion is capable of being demonstrated with reference to the particulars of the mark or marks, as may be, and the circumstances surrounding the manner of sale/marketing of the goods by the Respondents and such other relevant facts. For proving actual confusion, however, would require the claimant to present evidence before the Court which may not be easily forthcoming and directly available to the Claimant. The Hon'ble Bench held that the test of likelihood of confusion would be a surer and better test of proving an action of passing off.

In addition, the Hon'ble Supreme Court couldn't help but observe that in this case TOYOTA's delayed approach to the Courts has remained unexplained. Such delay ought not to be allowed to work to the prejudice of the Respondents / Defendants, who had kept on using their registered marks to market their goods during the exceedingly long period of silence maintained by the Appellants / Plaintiffs.

This case is an important precedent that the Hon'ble Supreme Court has set regarding the principle of territoriality as well as whether the test of likelihood of confusion or real/actual confusion is a better test for proving an action of passing off. [\[v\]](#)



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