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Toyota Jidosha Kabushiki Kaisha v. Deepak Mangal And Ors

Devansh Agarwal

Background of the subject matter

BACKGROUND OF THE SUBJECT MATTER

This case deals with Trademark infringement. Trademark is one of the six intellectual properties. Trademarks may be defined as a sign, symbol, representation, words, or any design.¹ The purpose behind a trademark is to make it easy for the consumers or general citizens to identify the brand or any particular business for its specific service. Trademarks can be owned by any legal entity or by an individual as well. The usual term of Trademark registration is 10 years.

A Trademark in simple terms is a sign which helps an individual to differentiate between the good and services of one establishment from another. Trademarks are protected by Intellectual Property Rights.² The International legal framework pertaining to Intellectual Property Rights is governed by the World Intellectual Property Organization (WIPO). In the case of Trademark, an individual could get a trademark registered either at a national or regional level³, or the individual could follow the WIPO Madrid Treaty and apply for protection in 123 countries that are parties to this treaty.⁴

In India, Trademark law is governed by the Trademark Act, 1999. The case of **Toyota Jidosha Kabushiki Kaisha vs Deepak Mangal And Ors** deals with the topic of Trademark infringement, in this case, Toyota had trademark “PRIUS” registered in various countries of the world but not in India, the defendant, in this case, registered his trademark as “PRIUS” in India, Hence Toyota sued for Trademark Infringement.

FACTS

The plaintiff company is a company registered in Japan, dealing in the manufacturing and sale of automobiles and automobile parts. The plaintiff company designed a hybrid car in 1994 by the name of “PRIUS”. The first sale of this car in Japan was in the year 1997 and the official launch was in 2001. The plaintiff company has a presence in over 80 countries along with India and has revenues of over USD 220 Billion. The plaintiff company registered the mark “PRIUS” in 28 countries beginning from the year 1990. The defendants began using the mark “PRIUS” in India in 2001 for all type of auto parts and accessories and obtained Indian registration for the mark in 2002 and 2003⁵, When Toyota began promoting their iconic car “PRIUS” in 2009 they filed for

¹ <https://www.uspto.gov/trademarks-getting-started/trademark-basics/trademark-patent-or-copyright>

² <https://www.wipo.int/trademarks/en/>

³ <https://www.wipo.int/trademarks/en/>

⁴ <https://www.wipo.int/madrid/en/>

⁵ <https://www.mondaq.com/india/trademark/691640/supreme-court-applies-territoriality-principle-and-eviscerates-toyota39s-prius-victory>

their trademark which got rejected, therefore Toyota brought suit against the Defendants, claiming passing off of its famous mark.

ISSUES

This case was actually based on two-fold issues.

- The first issue was whether Toyota is the proprietor of the trademarks “TOYOTA”, “INNOVA”, “TOYOTA DEVICE”, and “PRIUS”?
- Following, whether the defendants are passing off the trademark “PRIUS” as their own?

The plaintiff has claimed to be the prior user of the trademarks in questions in various countries across the world except for India.

DECISION

DELHI HIGH COURT JUDGMENT ON 19 MARCH, 2010

The Honorable High court stated that the burden of proof as per section 29 of the Trademark Act, 1999 lies on the plaintiff. The plaintiff, in this case, failed to establish a dishonest use by the defendant. But on the other hand, the defendant had proven that his use of the Trademark “PRIUS” was in accordance with industrial and commercial practices. Therefore the mark “PRIUS” was not infringed by the defendant. The court further stated that the use of the other marks like “TOYOTA”, “TOYOTA DEVICE” and “INNOVA” as reasonably necessary to indicate that the goods are adaptable and suited to the vehicles. The court dismissed the case by stating that since the defendant has been using his tradename for the past 7 years and therefore preventing him from using the name would result in him suffering huge financial losses and his business would suffer as well. Whereas the plaintiff has not launched the vehicle “PRIUS” in India yet, therefore no harm or injury would be suffered by them if the defendant was allowed to use the trademarks.

DELHI HIGH COURT JUDGMENT ON 8 JULY, 2016

The Honorable High court stated that the plaintiff held superior rights over the “PRIUS” trademark as compared to the defendants as Toyota adopted the mark “PRIUS” first and the trademark “PRIUS” is a well-known mark worldwide. The High Court further ruled that the use of the trademark by the defendants was not descriptive in nature whereas it had trademark uses on the automobile parts for which the defendants didn’t have any authorization from the plaintiff, therefore the defendants were liable for Trademark Infringement.

In the issue of Passing off the claim, the Honorable court stated that Toyota sold its first “PRIUS” vehicle in 2010, but the origin of the brand “PRIUS” traced back to 1990 and then later on when the hybrid vehicle was first sold in Japan in 1997 it gained a lot of media attention and the success reached out to the world in form of advertisement’s and reviews and such advertisements and reviews were also available in the Indian Automobile magazines, therefore nullifying the defendant's argument of non-awareness of “PRIUS” before 2001 when they registered the trademark in India. Therefore the court held that even though the defendants had prior trademark registration in India, this had no bearing on the plaintiff’s standing to file a passing-off action.

The Honorable High Court passed an order of Permanent Injunction against the defendant and awarded punitive damages of INR 10,00,000/- to the plaintiff and stated that the court found it extremely odd that the defendants were not aware of the plaintiff’s rights while being in the same business industry and to support this the defendants were also not able to give any reason as to why they came up with the “PRIUS” whereas, the plaintiff provided a whole long history behind the name.

DELHI HIGH COURT JUDGMENT ON 23 DECEMBER, 2016

The Divisional Bench of the Honorable High Court set aside the permanent injunction order and awarded a mandatory injunction on the grounds that the plaintiff failed to establish the trans-border reputation of its “PRIUS” Trademark in India.

SUPREME COURT JUDGEMENT ON JANUARY 12, 2017

Toyota filed an appeal seeking enhancement of damages before the Supreme Court. The Honorable Supreme Court rejected the appeal and stated that the evidence submitted by Toyota to show goodwill and reputation were all post 2001. It is not enough to show international reputation, such reputation must be complemented by substantial goodwill evidence in India. The court further stated that due to limited exposure of the internet to the Indian public in 2001, the advertisements in magazines and other internet portals were insufficient to establish goodwill and reputation in the Indian market. Therefore rejected the appeal.⁶

⁶ <https://indiankanoon.org/doc/163092085/>

ANALYSIS

The main contention of counsel on behalf Toyota was that to promote and claim goodwill via different forms of media in the geographical region. Since the mark “PRIUS” gained extreme media attention in 1997, it further stated that for the purpose of establishment of goodwill and reputation is not always necessary that every member of the society should be aware if the trademark, it is sufficient if the people of the related industry are aware.

Further, it stated that Toyota didn’t advertise prior to 2001, therefore Territorial Principle should be the focus of the case. They also stated that the every trademark should have a separate existence in each sovereign country.

The Judgement interpreted the term “Trans-Border Reputation” as the global reputation of a brand when just spilling into India,, the court further mention that it is not enough to show international reputation, such reputation must be complemented by substantial goodwill evidence in India. The Honorable Supreme Court established the fact that the mark “PRIUS” had already acquired global goodwill and reputation prior to the registration year of the defendant i.e. 2001. But on the other hand, Toyota failed to produce any evidence supporting their claim that their mark “PRIUS” acquired any goodwill in India.

It opined that the courts should fundamentally need to decide whether there has been an overspill of the standing and the goodwill of the trademark utilized by the plaintiff who has brought the passing-off activity. Throughout such assurance, it could be important to look for and find out the presence of not really a genuine market but rather the presence of the inquirer through its imprint inside a specific regional purview in a more unpretentious structure which can best be showed by the accompanying delineations, however they emerge from choices of Courts which may not be last in that particular jurisdiction.

Through this case the court set a certain standard with regard to trans-border reputation and passing off action, the court held:⁷

- To demonstrate and build up an action of passing off, three elements are needed to be demonstrated i.e., goodwill, misrepresentation, and damages.
- A foreign plaintiff may prevail in a passing-off action on evidence that his business has goodwill in a specific jurisdiction, which model is more extensive than the "obsolete" trial of whether an plaintiff has a business/place of business in that jurisdiction. In the event

⁷ <https://www.mondaq.com/india/trademark/665844/transborder-reputation-and-passing-off-action-toyota-prius-case>

that there are clients for the plaintiff's items in that jurisdiction, at that point the plaintiff remains similarly situated as a homegrown merchant.

- The Territoriality Doctrine would hold the field and the Plaintiff ought to essentially build up that its standing had gushed out over to the Indian market preceding the date of registration of the trademark by the Defendant.
- Once a party has set up the goodwill in the jurisdiction in which it asserts that the opposing party is passing off its products, in such a circumstance, the likelihood of confusion would be a surer and better trial of demonstrating an activity of passing off.

The court in this observed that Toyota failed to give satisfactory evidence to show that it has acquired substantial goodwill for its car under the name 'Prius' in the Indian market prior to 2001. This decision denotes a huge defining moment in Indian trademark practice. From now on, rights proprietors will be needed to show that they have obtained goodwill in the region of India, notwithstanding a likelihood of confusion between the trademarks, to prevail on a passing off case where they don't have earlier registered rights. While global organizations with a set up presence in India, or with clients in the Indian market, ought to have the option to satisfy this guideline, it is presently more basic than any other time that organizations pondering use in India guarantee that their brand names are enrolled there at the earliest opportunity.⁸

⁸ <https://www.mondaq.com/india/trademark/691640/supreme-court-applies-territoriality-principle-and-evinces-toyota39s-prius-victory>