THE HIGH COURT OF DELHI AT NEW DELHI

% Judgment Pronounced on: 24.02.2011

+ CS(OS) No. 62/2007

TOYOTA JIDOSHA KABUSHIKI KAISHA .....Plaintiff

- versus -

MR. BIJU & ANR .....Defendant

Advocates who appeared in this case:

For the Plaintiff: Mr. Pravin Anand, Ms. Diva Arora and Ms. Tanya Varma

For the Defendant: None

CORAM:-
HON'BLE MR JUSTICE V.K. JAIN

1. Whether Reporters of local papers may be allowed to see the judgment? Yes
2. To be referred to the Reporter or not? Yes
3. Whether the judgment should be reported in Digest? Yes

V.K. JAIN, J. (ORAL)

1. This is a suit for permanent injunction, rendition of accounts and damages and delivering up of infringing

material. The plaintiff is a corporation registered in Japan. Defendant No.1 Mr. Biju is the proprietor of defendant No.2 Benz Auto Spares. The plaintiff claims to be the sixth largest industrial corporation in the world engaged in manufacture and sale of automobiles and auto-parts and is amongst Fortune Global 500 Companies. The plaintiff claims to have coined the trademark TOYOTA which has no meaning in India nor is a dictionary word or a word of any trade or usage. It is alleged that the trademark TOYOTA is being used by the plaintiff in India since 1957 in relation to vehicles, their parts and fittings. It is also alleged that on account of the quality of the products, which are being sold under the name TOYOTA and continuous use of the aforesaid trademark, it has acquired an enviable reputation and goodwill in the market. The trademark TOYOTA is registered in the name of the plaintiff company in the following classes:-

S.No.	Trademark	Registration/ Application No.	Class	Status
1.	TOYOTA	506695	12	Registered and renewed upto 09.03.2013
2.	TOYOTA	506690	05	Registered and renewed upto 09.03.2009
3.	TOYOTA	506685	10	Registered and renewed upto 09.03.2009

4.	TOYOTA	506697	18	Registered and renewed upto 09.03.2010
5.	TOYOTA THS	1228330	12	Registered upto 28.08.2013
6.	TOYOTA INNOVA	1232944	12	Registered upto 05.09.2013
7.	TOYOTA	1243213	36	Registered upto 14.10.2013
8.	TOYOTA	1243214	37	Registered upto 14.10.2013
9.	TOYOTA	1243215	39	Registered upto 14.10.2013
10.	TOYOTA DEVICE MARK	1243207	36	Registered upto 14.10.2013
11.	TOYOTA DEVICE MARK	1243209	39	Registered upto 14.10.2013

2. The plaintiff claims sale of Yen15,501,553,000,000, Yen17,294,760,000,000 and Yen18,551,526,000,000 in the years 2003, 2004 and 2005, respectively. It is alleged that in automobile industry the mark TOYOTA qualifies as a source indicator of one the most reputed and trusted names in car makers and it is a well known mark under Section 11 of Trademarks Act, 1999, entitled to protection across classes of goods since any misuse of the mark is not only likely to cause confusion and deception but would also be contrary to public interest and would dilute the reputation and goodwill which has come to be associated with it for last many years.

3. Defendants No.1 to 3 are dealing in automobile spares. On receipt of information about sale of fake spare parts being sold under the name TOYOTA, the plaintiff company appointed Investigator and it came to be revealed that they were selling Spurious Oil Filter and Universal Joint Cross. It is alleged that the Investigators were able to purchase a Spurious Oil Filter from defendant No.3 and a Spurious Universal Joint Cross from defendant No.2. A legal notice was sent by the plaintiff to the defendants in February 2006 requiring them to refrain from unauthorized use of the trademark TOYOTA. There was no response to this notice which then was followed by a reminder sent in May 2006. Defendant No.2 replied to the notice denying infringement.

4. The plaintiff has sought injunction restraining the defendants from manufacturing, selling, offering for sale or advertising auto spare parts under the trademark TOYOTA or any other trademark identical with or deceptively similar to the plaintiff's trademark TOYOTA. It has also sought injunction restraining the defendant from using the aforesaid mark on any goods not originating from the plaintiff company. The plaintiff has also sought damages

amounting to Rs.25 Lacs besides delivering up of the infringing packaging goods, packaging, etc.

5. Defendant No.3 compromised with the plaintiff during pendency of the suit and a compromise decree was accordingly passed on 16th December 2008. The other defendants were proceeded ex parte vide order dated 16th December 2008.

6. The plaintiff has filed affidavit of Mr. Koichiro Inagaki, General Manager, Department of Intellectual Property Division of the plaintiff company. In his affidavit Mr. Inagaki has supported on oath the case setup in the plaint and has proved the documents relied upon by the plaintiff. He stated that the trademark TOYOTO was first used in India in the year 1957 in relation to vehicles, parts and fittings and on account of their quality and continues use it has acquired enviable reputation and goodwill. He has further stated that by virtue of priority of adoption, long, continuous and extensive user the goods bearing the trademark TOYOTO are exclusively associated with the products originating from the plaintiff. He has claimed that the trademark TOYOTO has become a source identifier inasmuch as it stands for the high standards and superior

quality of goods manufactured by the plaintiff and sold the over world.

7. A perusal of the legal proceedings certificate Ex.PW-2/13 (colly) would show that vide registration No.1232944, the word mark TOYOTO INNOVA was registered in the name of the plaintiff company in respect of motorcars and parts thereof, falling in Class 12 w.e.f. 5th September 2003 and the registration is valid upto 5th September 2013. It further shows that vide registration No.506695 the word mark TOYOTO was registered in the name of the plaintiff in respect of goods included in Class 12. Vide registration No.1228330 the word mark TOYOTO THS was registered in the name of the plaintiff company in respect of motorcars, engines for land vehicles, all being goods falling Class 12.

8. Ex.PW-2/19 is the copy of invoice whereby a fuel filter was purchased by the Investigator appointed by the plaintiff company from Benz Auto Spares, which is stated to be the proprietorship concern of defendant No.1 Mr. Biju. It has come in the affidavit of Mr. D.C. Sharma, Independent Investigator appointed by the plaintiff company that in the month of July 2005, he had visited Benz Auto Spares and

purchased a counterfeit TOYOTO spare part being fuel filter for a sum of Rs.190/- vide invoice bearing No.145 dated 22nd July 2005. He has further stated that the products as well as the invoice were given by him to the plaintiff company. A perusal of Ex.PW-2/19 would show that this is the same invoice which has been referred in the affidavit of Mr. Sharma. Ex.PW-2/17 is the photograph of the fuel filters, which were purchased by Mr. Sharma from Benz Auto Spares. A perusal of the photograph on the right of Ex.PW-2/17 would show that the word mark TOYOTA has been used on the fuel filter which Benz Auto Spares sold to the Independent Investigator appointed by the plaintiff company. It is thus evident that defendant No.1, who is trading under the name and style of Benz Auto Spares, has been selling auto parts using the trademark of the plaintiff company without any permission or authorization from the plaintiff company.

9. Section 29(1) of Trade Marks Act, 1999, to the extent it is relevant, provides that a registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or

deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark.

10. The mark being used by defendant No.1 on the fuel filter sold by him is exactly the same as is the registered trademark of the plaintiff company, and the defendant has just copied the plaintiff's registered mark, the product on which the aforesaid trademark was found being used by defendant No.1 is an auto component being fuel filter, which is used in cars and other four wheeled automobile. The trademark TOYOTO is registered in the name of the plaintiff company in respect of the goods under Class 12 of Schedule 4 to the Trade Mark Act, 1999, which are vehicles; apparatus for locomotion by land, air and water. The fourth schedule specifically provides that parts of an article or apparatus are, in general, classified with the actual article or apparatus, except where such parts constitute articles included in other classes. There is no particular class in the fourth schedule with respect to automobile components. Therefore, automobile components would also be included in Class 12 and, consequentlyl, the registration of the

trademark TOYOTO in the name of the plaintiff company in respect of vehicles would also cover the components which are used in a vehicle. Therefore, by using the mark TOYOTO on the fuel filter being sold by him defendant No.1 has infringed the registered trademark TOYOTO of the plaintiff company.

11. Section 29(4) of Trade Marks Act, 1999, to the extent it is relevant, provides that a registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with or similar to the registered trade mark; and is used in relation to goods or services which are not similar to those for which the trade mark is registered provided the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

12. In **Mahendra & Mahendra Paper Mills Ltd. vs. Mahindra & Mahindra Ltd.** *2002(24) PTC 121 (SC),* the suit was filed by Mahendra and Mahendra against use of the words Mahindra and Mahindra Ltd. The contention of the defendant before the Supreme Court was that there was no

similarity of the goods manufactured or sold by the parties. Noticing that the name 'Mahindra & Mahindra' had acquired a distinctiveness and a secondary meaning in the business and trade circles and people had come to associate the name 'Mahindra' with a certain standard of goods and services, the Supreme Court was of the view that any attempt by another person to use that name in business and trade circles is likely to and in probability will create an impression of a connection with the plaintiffs' group of companies.

13. In **Montari Overseas Ltd. vs. Montari Industries Ltd.** *1996 PTC (16),* Supreme Court, inter alia, observed that while adopting a trade name, a person is required to act honestly and bona fidely and not with a view to cash upon the goodwill and reputation of another. It was further observed that no company is entitled to carry on business in a manner so as to generate a belief that it is connected with the business of another company, firm or individual. It was also observed that copying of a trade name amounts to making a false representation to the public from which they need to be protected. The observations made by the Supreme Court would clearly apply when a well established

corporate name or trademark of a large company is adopted by another person though not in respect of the same goods or services, when the trademark has become synonymous with the company and the members of the public expect any product bearing that trademark to be of a particular standard and quality.

14. In the case of **Mahendra (supra)**, the impugned name was not a replica of the name of the plaintiff company. In the case of **Montari Overseas Ltd. (supra)** also there was change in the middle name. However, in the present case, the defendants have been found using not only the corporate name, but also the registered trademark of the plaintiff company and that too without even making an attempt to camouflage their infringement by making minor changes here and there. The infringement by them, therefore, is very blatant and absolutely unequivocal. The case of the plaintiff company for grant of injunction, therefore, stands on a much stronger footing.

15. As noted earlier, the trademark found being used by defendant No.1 is absolutely identical to the registered trademark of the plaintiff company. Is has come in the deposition of Mr. Iganaki that the trademark TOYOTA is

being used in India since 1957 and is now a well known brand in India. A large number of vehicles are being sold in India under the trademark TOYOTA, prominent amongst them being TOYOTA INNOVA, TOYOTA CAMRY, TOYOTA COROLLA and TOYOTA ETIOS. A perusal of Ex.PW-2/15 which are the extracts from the books titled 'The World's Greatest Brands' edited by Nicholas Kochan would show that the TOYOTA is amongst top 100 brands being placed at serial No.31. It further shows that amongst Automotive and Oil companies, the plaintiff company occupies 4th position in the world. The plaintiff company had huge turnover of Yen15,501,553,000,000, Yen17,294,760,000,000 and Yen18,551,526,000,000 in the years 2003, 2004 and 2005, respectively

16. Ex.PW-1/11 is the Global Brand Survey of 100 top brands, which would show that TOYOTA was ranked at serial No.11 in the year 2003 and at serial No.9 in the year 2004, amongst 100 top brands. It is, therefore, difficult to dispute that the trademark TOYOTA enjoys immense reputation and goodwill in India in respect of automobiles and it parts and, therefore, has become a well known trademark in this field. The use of the trademark TOYOTA

by the defendant is likely to prove detrimental to the reputation and goodwill which the brand TOYOTA commands in the market. Any person buying an auto component being sold under the trademark TOYOTA would be buying it under the impression that he was purchasing a product manufactured and sold by the plaintiff company. The products of the plaintiff company enjoy a premium position and premium price in the market. The defendant cannot be allowed to take an unfair advantage of the immense goodwill and brand quality which the brand TOYOTA enjoys in the market in relation to automobiles and auto components.

17. If a product being sold by the defendant under the trademark TOYOTA is found to be of any inferior quality that is likely to cause serious prejudice to the image and goodwill of the brand TOYOTA in the market since the person purchasing the product on being saddled with an inferior product, bearing the same trademark, may assume that the quality of the product being manufactured and sold by the plaintiff company has gone down. This, in turn, is likely to adversely affect the financial interest of the plaintiff

company besides giving unjust enrichment to the defendant at the cost of the plaintiff company.

18. The learned counsel for the plaintiff seeks award of punitive compensatory damages. Regarding punitive damages in the case of ***Time Incorporated v. Lokesh Srivastava & Anr.***, *2005 (30) PTC 3 (Del)*, this Court observed that punitive damages are founded on the philosophy of corrective justice and as such, in appropriate cases these must be awarded to give a signal to the wrong doers that the law does not take a breach merely as a matter between rival parties but feels concerned about those also who are not party to the lis but suffer on account of the breach. In the case of ***Hero Honda Motors Ltd. v. Shree Assuramji Scooters***, *2006 (32) PTC 117 (Del)*, this Court noticing that the defendant had chosen to stay away from the proceedings of the Court felt that in such case punitive damages need to be awarded, since otherwise the defendant, who appears in the Court and submits its account books would be liable for damages whereas a party which chooses to stay away from the Court proceedings would escape the liability on account of the failure of the availability of account books.

19. In ***Microsoft Corporation v. Deepak Raval*** *MIPR 2007 (1) 72*, this Court observed that in our country the Courts are becoming sensitive to the growing menace of piracy and have started granting punitive damages even in cases where due to absence of defendant, the exact figures of sale made by them under the infringing copyright and/or trademark, exact damages are not available. The justification given by the Court for award of compulsory damages was to make up for the loss suffered by the plaintiff and deter a wrong doer and like-minded from indulging in such unlawful activities.

In ***Larsen and Toubro Limited v. Chagan Bhai Patel*** *MIPR 2009 (1) 194*, this Court observed that it would be encouraging the violators of intellectual property, if the defendants notwithstanding having not contested the suit are not burdened with punitive damages.

20. Also, the Court needs to take note of the fact that a lot of energy and resources are spent in litigating against those who infringe the trademark and copyright of others and try to encash upon the goodwill and reputation of other brands by passing of their goods and/or services as those of that well known brand. If punitive damages are not

awarded in such cases, it would only encourage unscrupulous persons who actuated by dishonest intention, use the well-reputed trademark of another person, so as to encash on the goodwill and reputation which that mark enjoys in the market, with impunity, and then avoid payment of damages by remaining absent from the Court, thereby depriving the plaintiff an opportunity to establish actual profit earned by him from use of the infringing mark, which can be computed only on the basis of his account books. This would, therefore, amount to putting premium on dishonesty and give an unfair advantage to an unscrupulous infringer over those who have a bona fide defence to make and therefore come forward to contest the suit and place their case before the Court.

21. For the reasons given in the preceding paragraphs, defendant No.1 is restrained from manufacturing, selling, storing for sale or advertising auto components under the trademark TOYOTA or any other mark identical or similar to the registered trademark TOYOTA of the plaintiff company. Defendant No.1 is also directed to pay punitive damages amounting to Rs.50,000/- to the plaintiff company. No other relief is pressed, at this stage, by the learned counsel

for the plaintiff. In the facts and circumstances of the case, there shall be no order as to cost.

Decree sheet be prepared accordingly.

(V.K. JAIN)
JUDGE

FEBRUARY 24, 2011
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