2017 INSC 1230

**REPORTABLE**

**IN THE SUPREME COURT OF INDIA**

**CIVIL APPELLATE JURISDICTION**

**CIVIL APPEAL NOs.5375-5377 OF 2017**

**TOYOTA JIDOSHA KABUSHIKI KAISHA ...APPELLANT(S)**

**VERSUS**

**M/S PRIUS AUTO INDUSTRIES LTD. & ORS. ...RESPONDENT(S)**

**J U D G M E N T**

**RANJAN GOGOI, J.**

**1. The appellant (hereinafter referred to as 'the plaintiff') is an automobile manufacturer incorporated under the laws prevailing in Japan. The first respondent is a partnership firm engaged in the manufacture of automobile spare parts of which the second and third respondents are partners. The partnership firm of the respondents was constituted in the year 2001. The fourth respondent is a Private Limited Company in which the second and third respondents are majority shareholders.**

**2. Civil Suit [CS (OS) No. 2490 of 2009] was instituted by the plaintiff in the Delhi High Court seeking a decree of permanent injunction for infringement of trade mark, passing off and for damages against the respondents (hereinafter referred to as 'the defendants') in order to protect the plaintiff's trade marks 'TOYOTA', 'TOYOTA INNOVA', 'TOYOTA DEVICE' and the mark 'Prius' of which the plaintiff claimed to be a prior user.**

**3. In the plaint filed, it was averred by the plaintiff that it is a renowned carmaker having its presence in many countries across the world. The plaintiff claimed an enviable goodwill and reputation as one of the foremost automobile manufacturers in the world. According to the plaintiff it had acquired registration in India in different classes for its trade marks 'TOYOTA', 'TOYOTA INNOVA' and 'TOYOTA DEVICE'**

**during the years 1989-2003. It was specifically averred by the plaintiff that the goods manufactured and sold by the defendants bore the plaintiff's registered trade marks thereby clearly constituting infringement of the said registered marks.**

**Furthermore, according to the plaintiff, it had launched the world's first commercial hybrid car called 'Prius' in Japan in the year 1997 and in other countries like U.K., Australia, the U.S.A. etc. during the year 2000-2001. The plaintiff also claimed registration of the trade mark 'Prius' in different countries as early as the year 1990 (in Japan) and eventually in other jurisdictions all over the globe. So far as India is concerned, however, the car was released in the year 2009 and until that point of time the plaintiff had not obtained registration of the mark 'Prius' in the Indian jurisdiction. However, the car was displayed in the car shows**

**in Delhi and Bangalore held in the year 2009 and it was formally launched in India in the year 2010.**

**The plaintiff claimed that various advertisements and news reports about 'Prius' and publications in car magazines in India and across the globe has made 'Prius' a well known trade mark within the meaning of the said expression under Section 2(1)(zg) of the Trade Marks Act, 1999 (hereinafter referred to as 'the Act'). According to the plaintiff, in the year 2009, it discovered that the defendants not only had got the mark 'Prius' registered way back in the year 2002-2003 for all types of auto parts and accessories but that they had also been using the said trade mark in carrying out their trade in such auto parts and accessories. The plaintiff, therefore, approached the Trade Mark Registry for cancellation of the registered trade mark of the defendants and also filed the suit in question on the ground that the defendants had been using the**

**well known trade marks of the plaintiff without any authorization thereby taking an unfair advantage of the reputation and goodwill of the plaintiff which it had earned over a period of time across the globe. Accordingly the plaintiff prayed for:**

**(i) Permanent injunction restraining the defendants from using the plaintiff's registered trade marks ('TOYOTA', 'TOYOTA INNOVA' and 'TOYOTA DEVICE'); and**

**(ii) Permanent injunction restraining the defendants from using the well known (unregistered) trade mark 'Prius' so as to prevent passing off the defendants' goods as that of the plaintiff.**

**4. The defendants contested the claim of the plaintiff by contending that they have been using the words 'TOYOTA', 'TOYOTA INNOVA' and 'TOYOTA DEVICE' on the packaging materials in which the auto parts manufactured by them**

**are/were packed for the purpose of item identification and nothing more. According to the defendants, since they were in the business of manufacturing spare parts of automobiles, they are/were entitled to indicate the cars for which the spare parts have been manufactured by displaying the same name on the packaging of the products. The use of the words 'TOYOTA', 'TOYOTA INNOVA' and 'TOYOTA DEVICE' etc. were, therefore, for the purpose of honest use in an industrial matter and thus protected under Section 30 of the Act.**

**5. Insofar as the mark 'Prius' is concerned, according to the defendants, they had obtained registration of the said mark in the year 2002 and have been continuously using the same since the year 2001. They have been regularly supplying auto accessories to various automobile giants like Hyundai Motors, General Motors. The defendants claimed that, over a**

**period of time, they have built up a considerable market reputation. According to the defendants, the mark 'Prius" had not been registered in favour of the plaintiff for any of its products; nor had any Prius Car sold been in India so as to enable the plaintiff to claim goodwill in respect of such cars in the Indian market. As the product itself was not in existence in the Indian market, according to the defendants, it was impossible for the people in India to identify and recognize or associate the defendants' registered trade mark 'Prius" with any of the products of the plaintiff. In fact, in the written statement filed, the defendants claimed that as they were the first in India to manufacture add-on chrome plated accessories, they had conceptualized their attempt as '*pehela prayas*' (Hindi word meaning first attempt). It was on that basis that they had adopted the name 'Prius' and got the same registered in the year 2002 as '<u>PRIUS</u>' (Registration No. 1086682 dated 13.03.2002) and**

**‘PRIUS - The name you can trust’ (Registration No. 1163594 dated 2.1.2003).**

**6. The learned trial Judge of the High Court by Order dated 22.12.2009 granted ex-parte ad-interim injunction restraining the defendants from using the registered trade marks of the plaintiff i.e. ‘TOYOTA’, ‘TOYOTA INNOVA’ and ‘TOYOTA DEVICE’ and the mark ‘Prius’ in respect of auto accessories manufactured by the defendants. This order was vacated on 19.03.2010 on the basis of an application filed by the defendants. Aggrieved, the plaintiff had filed an appeal before the Division Bench of the High Court and by Order dated 10.08.2010, the Division Bench permitted the defendants to use the registered as well as un-registered trade marks of the plaintiff subject to the following conditions:**

**“(i) The defendants were restrained from**

**using the plaintiff's registered trade marks (TOYOTA, INNOVA) except for the purpose of identifying that the defendants' products can be used in these cars;**

**(ii) the defendants were to ensure that the words 'TOYOTA' and 'INNOVA' were not written in the same font as written by the plaintiff and the logos of the plaintiff;**

**(iii) the defendants would have to replace the words "Genuine Accessories" with "Genuine Accessories of PRIUS Auto Industries Limited;**

**(iv) the defendants were to ensure that the words – "the vehicle name (i.e. the appellant's trade mark) is used for item identification only."**

**7. It does not appear that the defendants had carried the aforesaid Order dated 10.08.2010**

**of the Division Bench of the High Court in any further appeal. Consequently, the said order governed the parties during the pendency of the suit. Allegations of the breach of the order were, however, brought before the Court by the plaintiff.**

**8. At the conclusion of the trial, the learned trial Judge by judgment dated 08.07.2016 held that the impugned acts of the defendants constituted infringement of the trade marks 'TOYOTA', 'TOYOTA INNOVA' and 'TOYOTA DEVICE' registered in favour of the plaintiff. The learned Judge also held that such acts of the defendants amounted to passing off of the defendants' goods under the trade name 'Prius', which, though registered in favour of the defendants in the year 2002-2003, the plaintiff was the first user thereof having marketed its hybrid car all over the globe under the name 'Prius' at least from the year 1997.**

**Consequently, the learned trial Judge restrained the defendants from using the plaintiff's trade marks ('TOYOTA', 'TOYOTA INNOVA' and 'TOYOTA DEVICE' marks) except in accordance with the terms of the conditional injunction order passed by the Division Bench dated 10.08.2010. So far as the mark 'Prius' is concerned, on the basis of the finding that the plaintiff was the prior user of the mark 'Prius' in various countries, if not in India, and that goodwill and reputation of the plaintiff so far as the mark 'Prius' is concerned having permeated to the Indian jurisdiction, it was held that the plaintiff was entitled to an injunction against the defendants restraining them from passing off the said mark. Punitive damages quantified as Rupees ten lakhs was also awarded in favour of the plaintiff.**

**9. Both sides appealed against the aforesaid order of the learned Single Judge. While the appeal of the plaintiff was with regard**

**to the quantum of the damages awarded, the appeal filed by the defendants was in respect of the order of injunction granted against them. However, in the course of hearing of the appeal filed by the defendants, the grievance with regard to the conditional use of the trade marks 'TOYOTA', 'TOYOTA INNOVA' and 'TOYOTA DEVICE' (in terms of the interim Order dated 10.08.2010) was not persisted with and the sole grievance expressed was in respect to the permanent injunction granted by the learned trial Judge with regard to the use of the name 'Prius'.**

**10. The Division Bench of the High Court by the impugned judgment dated 23.12.2016, 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 favour of the plaintiff insofar as the trade name 'Prius' is concerned was not justified. Accordingly the aforesaid part of the order of**

**the learned trial Judge was set aside. Consequently, the appeal filed by the plaintiff with regard to quantum of damages was also dismissed. Aggrieved, the plaintiff has filed the instant appeal.**

**11. At the very outset it must be clarified that in view of the virtual acceptance of the conditional order of injunction with regard to the 'TOYOTA', 'TOYOTA INNOVA' and 'TOYOTA DEVICE MARKS' by the defendants, the truncated scope of the present appeal would be confined to the correctness of the views of the Division Bench of the High Court with regard to the use of the name 'Prius' and specifically whether by use of the said name/mark to market the automobile spare parts manufactured by them, the defendants are guilty of passing off their products as those of the plaintiff thereby injuring the reputation of the plaintiff in the market.**

**12. The learned trial Judge in taking the view that the plaintiff was entitled to an injunction against the use of the trade mark 'Prius' by the defendants, took into account, *inter alia*, the global sales of Prius Cars (ranging upto over a million sales globally); the exponential hike in the sales of cars (300 units in 1997 to 285600 units in 2008); and that the plaintiff's trade mark 'Prius' which had acquired an excellent global goodwill had already spilled over to India much before the direct sales of the car in India in the year 2010. The fact that the plaintiff's web sites have been visited by many Indians seeking information about Prius cars was held by the learned trial Judge to be evidence of the fact that people in India were aware of the car and its popularity. The exhibitions of the car held in India and other countries; various advertisements published in different automobile magazines and cover stories published in international magazines and journals were taken**

**into account by the learned trial Judge to hold that the car in question had a stellar reputation in the world market including India. The learned trial Judge also took into account the availability of information regarding the car in information-disseminating portals like *Wikipedia* and online Britannica dictionary. Consequently, it was held that the physical presence of the car in India at a later point of time was immaterial. In fact, the learned trial Judge went on to hold that the mark 'Prius" had satisfied the definition of a "well-known trade mark" under Section 2(1)(zg) read with Section 11(6) & 11(9) of the Act. Relying on the decision of this Court in S. Syed Mohideen vs. P. Sulochana Bai[1], the learned trial Judge took the view that if the plaintiff could successfully prove that its case was covered by "passing off" the registered trade mark of the defendants would not remain protected under the Act. Proceeding further, the learned**

1 2016 (2) SCC 683

**trial Judge took the view that the plaintiff was the prior user/adopter of the mark 'Prius', though it may not have been such prior user so far as the Indian market is concerned. In this regard, the learned trial Judge relied on the decision of this Court in N.R. Dongre vs. Whirlpool Corporation[2] wherein this Court had approved the views of the Delhi High Court holding that wide advertisement of a trade mark without the existence of the goods in the local market can well be considered as use of the trade mark in the said local market. Again, relying on the decision of this Court in Milmet Oftho Industries & Ors. vs. Allergan Incorporated[3] the learned trial Judge held that the real test of establishing prior use is to determine who is the first in the world market. Adopting the tests laid in Reckitt and Colman Ltd. vs. Borden Incorporated[4] the learned trial Judge came to the conclusion that the goods of the plaintiff**

2 1996 (5) SCC 714
3 2004 (12) SCC 624
4 1990 (1) All E.R. 873

**enjoy transborder reputation and goodwill which had permeated the Indian market and that as the defendants had used an identical mark in relation to more or less an identical product(s) having a common market, the likelihood of confusion was unavoidable. The learned trial Judge further held that, as both the parties had advertised their respective products in the same magazines and periodicals, any person reading such an advertisement would be bound to be misled to believe that the defendants goods emanates from the plaintiff's organization and that there is a nexus between the two. Accordingly, the learned trial Judge came to the conclusion that the adoption of the mark 'Prius' by the defendants, though they were the registered proprietor thereof, was misleading, as the plaintiff was the true and first user of the trade mark all over the world and the reputation of the mark and the goodwill of the plaintiff on that basis had permeated to the Indian Market well before the**

**use of the mark by the defendants in 2001 and its registration thereafter in 2002-2003. The trial Judge further held that the defendants had adopted the mark 'Prius' with the sole intention of enjoying the benefits from the use of the said mark. The explanation given as to why and how the defendants had adopted the name 'Prius' was found to be wholly untenable by the learned Single Judge. Accordingly, the finding that the defendants were guilty of passing off their goods under the mark, of which the plaintiff was the first user, was arrived at. Consequently, permanent injunction restraining the use of the mark 'Prius' by the defendants in order to prevent passing off the defendants' goods as the plaintiffs' was issued and damages quantified at 0.25% of the total sales, amounting to Rs.10 lakhs, was awarded.**

**13. In appeal, the Division Bench reversed the conclusion(s) of the learned Single Judge**

**holding that the findings with regard to spread of the transborder reputation of the mark 'Prius' had not been correctly arrived at by the learned trial Judge as facts and materials beyond the relevant point of time i.e. first date of use (April, 2001) of the mark by the defendants in India was taken into consideration. The Division Bench of the High Court while holding that the launching of the car 'Prius' in the year 1997 was widely reported and advertised, however, held that such publication in the print media was not ground breaking and in fact in the issue of Economic Times dated 27.03.1997 and 15.12.1997, small news items with regard to the launching of the product in Japan had been published, which could not have impacted the Indian public at large. Relying on one of its own judgments in the case of Trans Tyres India Pvt. Ltd. vs. Double Coin Holdings Ltd. & Anr.[5] the Division Bench of the High Court took the view that the**

5 2012 SCC Online Delhi 596

**Universality Doctrine (which posits that a mark signifies the same source all over the world) has not been accepted by courts. Modern day trade; globalization have brought in multi-channel modes of sale of goods in the market and therefore it is the Territoriality Doctrine (a trade mark being recognized as having a separate existence in each sovereign country) would hold the field. The Division Bench further held that prior use of the trade mark in one jurisdiction would not *ipso facto* entitle its owner or user to claim exclusive rights to the said mark in another dominion. It was, therefore, necessary for the plaintiff in the case to establish that its reputation had spilled over to Indian market prior to April, 2001.**

**14. The aforesaid issue was decided by the Division Bench of the High Court against the plaintiff on the ground that not only the publicity and advertisement surrounding the**

**launching of the product by the plaintiff in the international market was scanty, internet penetration in India at that point of time (prior to April 2001) was limited and, therefore, it cannot be said that prior to April 2001 the plaintiff had established its goodwill and reputation in the Indian market, which the defendants had taken advantage of. The Division Bench of the High Court further held that the test of possibility/ likelihood of confusion would be valid at the stage of quia timet actions and not at the stage of final adjudication of the suit, particularly when the defendants had used the impugned mark for a long period as in the instant case. The test, therefore, would be one of actual confusion. No evidence was led by the plaintiff to show that any section of the consuming public was misled by the use of the trade mark 'Prius' by the defendants.**

**15. Laches and delay on the part of the**

**plaintiff in instituting the suit in the year 2009 was also held against the plaintiff to reverse the decree passed by the learned trial Judge. In this regard, the Division Bench held that the plaintiff was aware of the defendants' mark at least from April, 2003. Publications in Pioneer magazines (like Autocar, Overdrive) contained defendants' advertisements under the name 'Prius' and in fact both the parties have been advertising their products in the same magazines. In fact, the plaintiff, at no relevant point of time, had applied for registration of the trade mark, which was done only on 3.12.2009, followed by the institution of the suit on 21.12.2009, and that too on a 'proposed to be used basis'. The Division Bench of the High Court in reversing the conclusion of the learned trial Judge also took the view that the word 'Prius' is publici juris and that the explanation given by the defendants for adopting the said word as their trade mark is logical and acceptable. It is**

**on the aforesaid broad basis the decree passed by the learned trial Judge was reversed by the Division Bench of the High Court.**

**16. The arguments advanced on behalf of the rival parties may now be noticed.**

**17. Shri P. Chidambaram, learned senior counsel, who had argued the case of the appellant before us, submitted that recognition and reputation of a trade mark is not contingent upon the actual sale of goods in India bearing the mark in question. Advertisement and promotion of the mark through different forms of media is sufficient to establish reputation and goodwill within a particular geographical area, i.e., India. It is urged that in the present case the car Prius was widely publicized and advertised in leading newspapers and magazines with wide circulation all over the world since the year 1997. It is also urged that to establish goodwill**

**and reputation it is not necessary that the mark should be recognized by every member of the public and it would be sufficient if persons associated with the industry/goods are aware of the mark. In this regard learned counsel has urged that the Division Bench of the High Court in the impugned judgment accepted the fact that the launch and sale of the car Prius had been widely advertised. However, the Division Bench took the view that such publications were not groundbreaking and did not have the necessary prominence to show that the public at large would be aware of the trade mark. Learned counsel has further urged that the Division Bench of the High Court did not deal with the issue of the trade mark 'Prius' being a well known mark. The entitlement of such a well known mark is to a higher statutory protection against misuse under the Act. The finding that the trade mark 'Prius" did not have transborder reputation permeating into India is, therefore, incorrect. He has also**

**urged that the test of passing off always rest upon a likelihood of confusion irrespective of the stage at which the matter may be considered. The fact that the trade mark 'Prius' was registered in favour of the defendants was irrelevant insofar as the plaintiff's claim for passing off is concerned. The triple identity test laid down in Reckitt and Colman Ltd. (supra) would govern the instant adjudication. The use by the defendants of the multiple trade marks of the plaintiff ('TOYOTA', 'TOYOTA INNOVA' and 'TOYOTA DEVICE MARKS'); the conditional injunction Order dated 10.08.2000; the violation thereof; all have been urged by Shri Chidambaram to contend that the aforesaid facts are strong evidence of dishonest intention on the part of the defendants to defraud the plaintiff to derive undue benefit from the goodwill and reputation of the trade mark of which the plaintiff is the first user.**

**18. Shri Chidambaram has additionally urged**

**that the story put forward by the defendants surrounding the adoption of the word 'Prius' is on the face of it absurd. The possibility of conjuring a word in the Hindi language and then looking for it in the English dictionary and finally selecting a Latin word is too far fetched for acceptance as a bona fide act of adoption of a mark. If the initial use of the mark 'Prius' by the defendants in April, 2001 is dishonest, as it certainly is, no amount of user of the said mark after April, 2001, can sustain any claim of goodwill and reputation of the defendants in the mark in question. Shri Chidambaram has also struck an issue with regard to the trade mark 'Prius' being publici juris. It is urged that the said finding has been arrived at without there being an issue before the Court and without any evidence being led on the point.**

**19. In reply, Shri Sai Krishna, learned counsel for the respondents/defendants has**

**submitted that as a manufacturer of spare parts, the defendants are entitled to inform the consumer the name of the specific vehicles for which the particular spare part is suitable and useful. This is precisely what has been done and nothing more. Such action on the part of the defendants is protected under Section 30 of the Act. It is urged that the conduct of the plaintiff in belatedly moving the Registry of Trade Mark for registration and that too on a "proposed to be used basis" and the amendment to the said prayer made, after filing of the suit, are crucial circumstances for determination of the plaintiff's claim. On the other hand, the mark was adopted by the defendants in the year 2001 and registration thereof was obtained in the year 2002-2003 whereas this mark was adopted by the plaintiff in India in the year 2009 and the car in question was launched in the year 2010. The documents proved by the plaintiff to establish goodwill and reputation are all post**

**April, 2001 (date of adoption of the mark by the defendants). Furthermore, the evidence of the plaintiff's witnesses make it clear that not only the mark was adopted by the plaintiff for the first time in India in 2009 but also that no advertisements were published by the plaintiff prior to April 2001. From the evidence of the plaintiff's witnesses it is clear that since the launch of the car in 2010, only 130 cars were sold. Learned counsel for the defendants have further urged that it is the Territoriality Principle as opposed to the Universality Doctrine which has been accepted by the courts all over the world as the correct test to determine goodwill and reputation within any particular jurisdiction. It is therefore necessary that the trade mark is recognized and has a separate existence in each sovereign Country. Positive evidence of spill over of reputation and goodwill of the plaintiff's mark 'Prius' to the Indian market, prior to April, 2001, is absent. In this**

**regard reference is made to the several passages in the book "The Law of Passing-Off" by Prof. Christopher Wadlow to urge that the test whether a foreign claimant (in this case, the plaintiff; Toyota) may succeed in a passing off action is whether his business has a goodwill in India; that even the most internationally renowned business owns not one goodwill, but a bundle of many different ones. 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. It is submitted on the strength of the decision of the Federal Court of Australia in ConAgra vs. McCain Foods[6] that in the last resort the test is whether the owner of the goods has established a 'sufficient reputation' with respect to his goods within the particular country in order to acquire a sufficient level of consumer knowledge of the product and attraction**

6 (1992) 23 IPR 193

**for it to provide customers, which if lost, is likely to result in damage to him.**

**20. The delay and latches on the part of the plaintiff in tolerating the defendants using the trade mark 'Prius' since April, 2001 in spite of due knowledge has also been urged to contend that the claim of the plaintiff has been rightly rejected by the Division Bench of the High Court.**

**21. At the very outset, certain principles that govern the law of passing off may be usefully noticed. Such principles, in fact, have been considered by this Court in its decision in S. Syed Mohideen (supra), though in a somewhat different context, i.e., the right of a registered owner of a particular mark to bring an action for passing off against another registered owner of an identical or largely similar trade mark. In S. Syed Mohideen (supra), this Court on a collective reading of the provisions of the Act**

**held "that the action for passing off which is premised on the rights of prior user generating a goodwill shall be unaffected by any registration provided under the Act," which proposition actually stood approved in an earlier decision of this Court in N.R. Dongre (supra). The trinity test laid down in Reckitt and Colman Ltd. (supra) was reiterated by this Court in S. Syed Mohideen (supra) by holding that to prove and establish an action of passing off, three ingredients are required to be proved by the plaintiff, i.e., his goodwill, misrepresentation and damages.**

**22. The following passage from Kerly's 'Law of Trade Marks and Trade Names'[7] noticed in S. Syed Mohideen (supra) may be reiterated herein for a clear exposition of the principles laying down the test for judging an action of passing off in the Indian jurisdiction. The provisions in the Indian Trade Marks Act, 1999 incidentally are**

7 14th Edn., Thomson, Sweet & Maxwell South Asian Edition

**analogous to those in the U.K. Trade Marks Act, 1994**

> **“15-034. Subject to possibly one qualification, nothing in the Trade Marks Act, 1994 affects a trader’s right against another in an action for passing off. It is, therefore, no bar to an action for passing off that the trade name, get up or any other of the badges identified with the claimant’s business, which are alleged to have been copies or imitated by the defendant, might have been, but are not registered as, trade marks, even though the evidence is wholly addressed to what may be a mark capable of registration. Again, it is no defence to passing off that the defendant’s mark is registered. The Act offers advantages to those who register their trade marks, but imposes no penalty upon those who do not. It is equally no bar to an action for passing off that the false representation relied upon is an imitation of a trade mark that is incapable of registration. A passing off action can even lie against a registered proprietor of the mark sued upon. The fact that a claimant is using a mark registered by another party (or even the defendant) does not of itself prevent goodwill being generated by the use of the mark, or prevent such a claimant from relying on such goodwill in an**

> **action against the registered proprietor. <u>Such unregistered marks are frequently referred to as 'common law trade marks'</u>."**
>
> **(Underlining is ours)**

**23. Whether a trade mark is to be governed by the territoriality principle or by universality doctrine? Prof. Cristopher Wadlow in his book "The Law of Passing-Off[8]" has analysed the problem and its possible resolution in the following words:**

> **"in the worst case, an international company seeking to expand into a new territory may find itself blocked by a small business already trading under the same name or style, perhaps on a miniscule scale; and perhaps having been set up for the very same purpose of blocking anticipated expansion by the claimant or being bought out for a large sum. On the other hand, a rule of law dealing with this situation has to avoid the opposite scenario of bona fide domestic traders finding themselves open to litigation at the suit of unknown or barely-known claimants from almost anywhere in the world. Some of the more radical proposals for**

8 5th Edn., Sweet & Maxwell

> **changing the law to assist foreign claimants ignore the need for this balancing exercise, without which the opportunities for abuse are simply increased, and further uncertainty created"**

**24. The view of the courts in U.K. can be found in the decision of the U.K. Supreme Court in Starbucks vs. British Sky Broadcasting[9] wherein Lord Neuberger observed as follows:**

> **"As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough...The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction, but it is not necessary that the claimant actually has an establishment or office in this country. In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for a claimant to show that there are people in this jurisdiction who happen to be its customers when they are abroad. However, it could be enough if the claimant could show that there were people in**

9 2015 UK SC 31

> **this jurisdiction who, by booking with, or purchasing from, an entity in this country, obtained the right to receive the claimant's service abroad. And, in such a case, the entity need not be a part or branch of the claimant: it can be someone acting for or on behalf of the claimant..."**

**25. It seems that in Starbucks vs. British Sky Broadcasting (supra), the Apex Court of UK had really refined and reiterated an earlier view in Athletes' Foot Marketing Associates Inc. vs. Cobra Sports Ltd.[10] to the following effect:**

> **"…no trader can complain of passing-off as against him in any territory...in which he has no customers, nobody who is in trade relation with him. This will normally shortly be expressed by stating that he does not carry on any trade in that particular country...but the inwardness of it will be that he has no customers in that country…"**

**26. A passing reference to a similar view of the Federal Court of Australia in Taco Bell vs.**

10 (1980) R.P.C. 343

**Taco Co. of Australia[11] may also be made.**

**27. Prof. Cristopher Wadlow's view on the subject appears to be that the test of whether a foreign claimant may succeed in a passing-off action is whether his business has a goodwill in a particular jurisdiction, which criterion is broader than the "obsolete" test of whether a claimant has a business/place of business in that jurisdiction. If there are customers for the claimant's products in that jurisdiction, then the claimant stands in the same position as a domestic trader.**

**28. The overwhelming judicial and academic opinion all over the globe, therefore, seems to be in favour of the territoriality principle. We do not see why the same should not apply to this Country.**

11 1981 60 FLR 60

**29. To give effect to the territoriality principle, the courts must necessarily have to determine if there has been a spill over of the reputation and goodwill of the mark used by the claimant who has brought the passing off action. In the course of such determination it may be necessary to seek and ascertain the existence of not necessarily a real market but the presence of the claimant through its mark within a particular territorial jurisdiction in a more subtle form which can best be manifested by the following illustrations, though they arise from decisions of Courts which may not be final in that particular jurisdiction.**

**30. In SA Anciens Etablissements Panhard et Levassor v. Panhard Levassor Motor Co[12], the plaintiffs were French car manufacturers who had consciously decided to not launch their cars in England (apprehending patent infringement).**

12 1901 2 Ch. 513

**Nevertheless, some individuals had got them imported to England. It was seen that England was one of the plaintiff's markets and thus, in this case, permanent injunction was granted. Similarly in Grant v. Levitt[13], a Liverpool business concern trading as the Globe Furnishing Company, obtained an injunction against the use of the same name in Dublin as it was observed that advertisements by the plaintiff had reached Ireland and there were Irish customers. C&A Modes v. C&A (Waterford)[14], was a case where the plaintiffs operated a chain of clothes stores throughout the U.K. and even in Northern Ireland but not in the Republic of Ireland where the defendants were trading. The Court held that, "a very substantial and regular custom from the Republic of Ireland was enjoyed by this store. Up to that time an excursion train travelled each Thursday from Dublin to Belfast, and so great was the influx of customers from the Republic as a result of that excursion that the**

13 1901 18 RPC 361
14 1976 I.R. 198 (Irish)

**store ordinarily employed extra part-time staff on Thursday on the same basis as it did on Saturday which were normally the busiest shopping days." The said view has since been upheld by the Irish Supreme Court.**

**31. Whether the second principle evolved under the trinity test, i.e., triple identity test laid down in Reckitt and Colman Ltd. (supra) would stand established on the test of likelihood of confusion or real/actual confusion is another question that seems to have arisen in the present case as the Division Bench of the High Court has taken the view that the first test, i.e., likelihood of confusion is required to be satisfied only in *quia timet* actions and actual confusion will have to be proved when the suit or claim is being adjudicated finally as by then a considerable period of time following the initiation of the action of passing off might have elapsed. Once the claimant who has brought**

**the action of passing off establishes his goodwill in the jurisdiction in which he claims that the defendants are trying to pass off their goods under the brand name of the claimant's goods, the burden of establishing actual confusion as distinguished from possibility thereof ought not to be fastened on the claimant. 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 defendants and such other relevant facts. Proof of actual confusion, on the other hand, would require the claimant to bring before the Court evidence which may not be easily forthcoming and directly available to the claimant. In a given situation, there may be no complaints made to the claimant that goods marketed by the defendants under the impugned mark had been inadvertently purchased as that of the plaintiff/claimant. The onus of**

**bringing such proof, as an invariable requirement, would be to cast on the claimant an onerous burden which may not be justified. Commercial and business morality which is the foundation of the law of passing off should not be allowed to be defeated by imposing such a requirement. In such a situation, likelihood of confusion would be a surer and better test of proving an action of passing off by the defendants. Such a test would also be consistent with commercial and business morality which the law of passing off seeks to achieve. In the last resort, therefore, it is preponderance of probabilities that must be left to judge the claim.**

**32. The next exercise would now be the application of the above principles to the facts of the present case for determination of the correctness of either of the views arrived at in the two-tier adjudication performed by the High**

**Court of Delhi. Indeed, 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 defendants in India. But if the territoriality principle is to govern the matter, and we have already held it should, there must be adequate evidence to show that the plaintiff had acquired a substantial goodwill for its car under the brand name 'Prius' in the Indian market also. The car itself was introduced in the Indian market in the year 2009-2010. The 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, even if accepted, will 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, particularly having**

**regard to the limited online exposure at that point of time, i.e., in the year 2001. The news items relating to the launching of the product in Japan isolatedly and singularly in the Economic Times (Issues dated 27.03.1997 and 15.12.1997) also do not firmly establish the acquisition and existence of goodwill and reputation of the brand name in the Indian market. Coupled with the above, the evidence of the plaintiff's witnesses themselves would be 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 amongst a significant section of the Indian population. While it may be correct that the population to whom such knowledge or information of the product should be available would be the section of the public dealing with the product as distinguished from**

**the general population, even proof of such knowledge and information within the limited segment of the population is not prominent. All these should lead to us to eventually agree with the conclusion of the Division Bench of the High Court that the brand name of the car Prius had not acquired the degree of goodwill, reputation and the market or popularity in the Indian market so as to vest in the plaintiff the necessary attributes of the right of a prior user so as to successfully maintain an action of passing off even against the registered owner. In any event the core of the controversy between the parties is really one of appreciation of the evidence of the parties; an exercise that this Court would not undoubtedly repeat unless the view taken by the previous forum is wholly and palpably unacceptable which does not appear to be so in the present premises.**

**33. If goodwill or reputation in the**

**particular jurisdiction (in India) is not established by the plaintiff, no other issue really would need any further examination to determine the extent of the plaintiff's right in the action of passing off that it had brought against the defendants in the Delhi High Court. Consequently, even if we are to disagree with the view of the Division Bench of the High Court in accepting the defendant's version of the origin of the mark 'Prius', the eventual conclusion of the Division Bench will, nonetheless, have to be sustained. We cannot help but also to observe that in the present case the plaintiff's delayed approach to the Courts has remained unexplained. Such delay cannot be allowed to work to the prejudice of the defendants who had kept on using its registered mark to market its goods during the inordinately long period of silence maintained by the plaintiff.**

**34. For all the aforesaid reasons, we deem**

**it proper to affirm the order(s) of the Appellate Bench of the High Court dated 23.12.2016 and 12.01.2017 and dismiss the appeals filed by the appellant/plaintiff.**

**.....,J.**
**(RANJAN GOGOI)**

**.....,J.**
**(NAVIN SINHA)**

**NEW DELHI;**
**DECEMBER 14, 2017**

**ITEM NO.1503 COURT NO.3 SECTION XIV**
**[FOR JUDGMENT]**

**S U P R E M E C O U R T O F I N D I A**
**RECORD OF PROCEEDINGS**

**CIVIL APPEAL NO(S). 5375-5377/2017**

**TOYOTA JIDOSHA KABUSHIKI KAISHA APPELLANT(S)**

**VERSUS**

**M/S PRIUS AUTO INDUSTRIES LIMITED & ORS. RESPONDENT(S)**

**Date : 14-12-2017 These appeals were called on for pronouncement of judgment today.**

**For parties:**
**Mr. Aditya Verma, AOR**

**Ms. Archana Sahadeva, AOR**
**Mr. Kapil Midha, Adv.**

**Hon'ble Mr. Justice Ranjan Gogoi pronounced the judgment of the Bench comprising His Lordship and Hon'ble Mr. Justice Navin Sinha.**

**The appeals are dismissed in terms of the signed reportable judgment.**

**[VINOD LAKHINA]** **[TAPAN KUMAR CHAKRABORTY]**
**AR-cum-PS** **BRANCH OFFICER**

**[SIGNED REPORTABLE JUDGMENT IS PLACED ON THE FILE]**