

THE HIGH COURT OF DELHI AT NEW DELHI

% Judgment Pronounced on: 29.07.2011

+ **CS(OS) No.1298/2010**

**KABUSHIKI KAISHA
TOSHIBA TRADING AS TOSHIBA CORP. Plaintiff**

- versus -

MR. S.K.SIL & ANR. Defendants

Advocates who appeared in this case:

For the Plaintiff: Mr. Pravin Anand, Advocate.

For the Defendant: None.

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

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| 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, damages, rendition of accounts and delivery up of the infringing material etc.
2. The plaintiff is a company incorporated in Japan which was founded in the year 1875. Initially, the plaintiff company was set up under the name Tanaka Seizo-sho and

the name was changed to Kabushiki Kaisha Toshiba in the year 1984 trading as Toshiba Corporation. The plaintiff company is a diversified manufacturer and marketer of advanced electronic and electrical products, spanning information and communications equipments and systems, internet-based solutions and services, electronic components and materials, power systems, industrial and social infrastructure systems and household appliances. The Toshiba Corporation operates globally in a number of countries including India and it had net sales of Rs.3834.05 billion in the year 2008 with sales of Rs.664 billion in the Asian region outside Japan alone.

3. The plaintiff company has been selling its products throughout the world under the trademark TOSHIBA which it claims to have adopted in the year 1939. TOSHIBA is stated to be a coined word, by taking the letters 'TO' from the word 'Tokyo' appearing to the name of 'Tokyo Electric Company' and the letters 'SHIBA' having been taken from Shibaura appearing in the name 'Shibaura Engineering Works'. It would be pertinent to note here that Shibaura Seisaku-sho and Tokyo Denki were merged to form Tokyo Shibaura Electric Company Limited, which

name was later changed first to Tokyo Shibaura Denki Kabushiki Kaisha and then to Kabushiki Kaisha Toshiba.

4. The case of the plaintiff is that the trademark TOSHIBA is a well-known trademark recognized all over the world as a reliable brand of consumer durables. The word TOSHIBA also forms a key and essential part of the corporate name and trading style of the majority of companies in Toshiba Group of Companies. Toshiba Corporation has been present in India since 1963 and is involved in manufacturing and selling a large number of goods, ranging from electric communication system, heavy electrical apparatus to consumer products. The plaintiff set up a wholly owned subsidiary named TOSHIBA Private Limited in India in September, 2001, to provide marketing and sale support to all TOSHIBA companies as also to enhance the numbers of Toshiba Corporations in India, Sri Lanka, Nepal and Bhutan. Toshiba Corporation had sale of Yen 19,332 million, 18,575 million and 14,246 million in the year 2006, 2007 and 2008 respectively and it is claimed that TOSHIBA has now become a household name in India as well. The plaintiff company holds a number of trademark registration in India including trademark registration

No.404340 in class 7 in respect of Elevators and Escalators. The plaintiff company claims to have spent enormous expenditure on advertising and promoting its trademark TOSHIBA across the globe, including India and is also stated to be amongst Fortune 500 companies. It is also alleged that the plaintiff company was ranked 97th in the year 2009 and 91st in the year 2008 and 2007 and was also ranked as seventh largest company in the world in electronics and electrical equipment industry, for the years 2009, 2008 and 2007. The brand TOSHIBA is stated to have been recognized amongst well-known brands, in several publications. It is also claimed that the mark TOSHIBA has been held to be a well-known mark by Supreme Court of India.

5. It is alleged in April, 2010, the plaintiff company received information that defendant No. 2 Toshiba India Elevator & Escalator Industries was offering lifts and escalators under the trademark TOSHIBA, all over India and the defendants were carrying on business under the trade name/style of which the word TOSHIBA forms a part. On investigation, the plaintiff company came to know that defendant No.2 which was engaged in the business of

providing lifts and escalators was also operating a website **www.toshibaelevator.com**

6. It is claimed that the mark TOSHIBA has been adopted by the defendant with a view to enjoy the benefits attached to the reputation and goodwill which the mark TOSHIBA enjoys throughout the world including India and which is otherwise an invented and highly distinctive mark.

7. The plaintiff has sought an injunction restraining the defendants from manufacturing, importing, selling, offering for sale or advertising under the mark TOSHIBA and/or any other mark which is deceptively similar to the aforesaid mark. It has also sought injunction restraining defendant from doing business using the mark TOSHIBA and passing off their goods as those of the plaintiff. It has further sought transfer of the domain name www.toshibaelevator.com to it, besides seeking damages amounting to Rs.21 lakhs and delivery up of the infringing stationery material etc.

8. The defendants were served on 25.08.2010 and vakalatnama on their behalf was filed on 22.09.2010. They, however, did not file written statement and did not appear. The defendants were proceeded ex-parte vide order dated

23.02.2011.

9. The plaintiff has filed the affidavit of Mr. Haruhiko Takigawa, Chief Specialist - Intellectual Property, Legal Affairs, Intellectual Property Division, by way of ex-parte evidence. In his affidavit by way of evidence, Mr. Haruhiko Takigawa has supported on oath the case set out in the plaint and stated that the plaintiff company which is also known as TOSHIBA Corporation is engaged in manufacturing and sale of electronic and electrical goods bearing the mark TOSHIBA and this company came into existence in the year 1875. He has further stated that the plaintiff company operates from a number of company employing work force of 204000 employees as on 31.03.2010. He has stated that the word TOSHIBA was adopted in the year 1939 on merger of two predecessors of the plaintiff company, namely, Shibaura Seisaku-sho and Tokyo Denki to form Tokyo Electric Company, the letters 'TO' having been taken from the word 'Tokyo' appearing to the name of 'Tokyo Electric Company' and the letters 'SHIBA' having been taken from Shibaura. He has further stated that the plaintiff company had sale of Yen 19,332 million, 18,575 million and 14,246 million in the year 2006,

2007 and 2008 respectively. According to him, the investigation conducted by the plaintiff company revealed that defendant No.2 was engaged in the business of providing lifts and escalators throughout the country under the mark TOSHIBA and the defendants are also having a website of www.toshibaelevator.com. According to him, defendant No.1 is the Customer Relationship Officer working with defendant No.2. He has also stated that defendant No.3 – Firojuddin Mondal is the proprietor of defendant No.2.

10. A perusal of the trade mark registration No.404334 (Ex.PW-1/17) would show that the plaintiff company is the registered proprietor of the word mark TOSHIBA in respect of a large number of goods including elevators and escalators since 16.04.1983 and the registration is valid till 16.04.2040. Ex.PW-1/28, which is the brochure of Toshiba India Lifts and Escalators Industry in respect of lifts and elevators shows that defendant No.2 has been using the word TOSHIBA not only as a part of its business but also for selling and advertising its products such as lifts of various nature. The brochure shows that the elevators are being sold as TOSHIBA elevators. The

word TOSHIBA has also been used on Ex.PW-1/31 which is the business letter of defendant No.2, whereby quotation was given by defendant No.1- Mr. S.K.Sil for along with the trade name of defendant No.2 – Ex.PW-1/29 is a print out from the website **www.toshibaelevator.com** which shows that this website has been got registered by defendant No.2 – Toshiba India Elevator & Escalator Industries which claims to be providing elevators and escalators for last ten years. The domain name **www.toshibaelevator.com** is registered with Global IP Space as is evident from the print-out Ex.PW-1/34. The plaintiff thus has been able to prove that defendant No.2 has been using the word TOSHIBA not only as a part of its business name and domain name but also for selling, advertising and promoting lifts of various kind. Since the plaintiff company is a registered proprietor of the trademark TOSHIBA in India even in respect of elevators and escalators, defendant No.3 who is the proprietor of defendant No.2 has infringed the registered trademark of the plaintiff company.

11. On account of use of the name TOSHIBA on the business documents, such as letter heads and business cards as well as the brochure whereby the products are

advertised by the defendants, coupled with the use of the domain name www.toshibaelevator.com, a person coming across the products of the defendants is likely to get confused and may believe that the products being offered by them are genuine products of the plaintiff company. The customer on account of extensive use of the word TOSHIBA by the defendants may presume that either the products which the defendants are offering to them have been manufactured/imported by the plaintiff company or have been manufactured under licence from it or the defendants are otherwise associated with Toshiba Corporation of Japan. It is, therefore, possible for the defendants to pass off their products to the customer as genuine TOSHIBA product, thereby taking undue advantage of the reputation and goodwill which the trademark TOSHIBA enjoys in the market. The customer, to whom elevators and escalators which offered by the defendants may also pay the price which genuine TOSHIBA products command for these products in the market, in the mistaken belief that these products come from the stable of TOSHIBA Corporation of Japan and therefore deserve a premium price. If the quality of the elevators and escalators sold by the defendants is not

found to be as good as that of the products of the plaintiff company and/or the maintenance and after sale service provided by the defendant is not as good as that being provided by the plaintiff company, that may adversely affect the reputation and brand equity which the product TOSHIBA enjoys in the market since the customer on account of inferior quality of the product or inadequate after sale service, may presume that the quality of the products being manufactured and sold by the plaintiff company or the quality of the after sale service which it was providing to the predecessors of its products has gone down and is no more as superior and reliable as it used to be earlier. This may adversely affect the business of the plaintiff company, besides eroding the credibility, reputation and distinctiveness which the trademark TOSHIBA enjoys throughout the world including India.

12. This is also the case of the plaintiff that on account of continuous and extensive use of the trademark TOSHIBA by it for last many years, in a large number of countries coupled with the extensive promotion and publicity given to the products bearing the aforesaid mark, it now enjoys an unparalleled reputation and goodwill and has acquired the

status of a well-known mark.

13. In **Tata Sons Ltd. vs. Manoj Dodia & Ors.** , 2011(46) PTC 244 DEL, I had occasion to deal with the mark TATA, which Tata Sons Limited claimed to be a well-known mark. During the course of the judgment, this Court, *inter alia*, observed as under:-

“5. A well known trademark is a mark which is widely known to the relevant general public and enjoys a comparatively high reputation amongst them. On account of advancement of technology, fast access to information, manifold increase in international business, international travel and advertising/publicity on internet, television, magazines and periodicals, which now are widely available throughout the world, of goods and services during fairs/exhibitions, , more and more persons are coming to know of the trademarks, which are well known in other countries and which on account of the quality of the products being sold under those names and extensive promotional and marketing efforts have come to enjoy trans-border reputation. It is, therefore, being increasingly felt that such trademark needs to be protected not only in the countries in which they are registered but also in the countries where they are otherwise widely known in the relevant circles so that the owners of well known trademarks are encouraged to expand their business activities under those marks to other jurisdictions as well.

The relevant general public in

the case of a well known trademark would mean consumers, manufacturing and business circles and persons involved in the sale of the goods or service carrying such a trademark.

6. The doctrine of dilution, which has recently gained momentum, particularly in respect of well known trademarks emphasizes that use of a well known mark even in respect of goods or services, which are not similar to those provided by the trademark owner, though it may not cause confusion amongst the consumer as to the source of goods or services, may cause damage to the reputation which the well known trademark enjoys by reducing or diluting the trademark's power to indicate the source of goods or services.

7. Another reason for growing acceptance of trans-border reputation is that a person using a well known trademark even in respect of goods or services which are not similar tries to take unfair advantage of the trans-border reputation which that brand enjoys in the market and thereby tries to exploit and capitalize on the attraction and reputation which it enjoys amongst the consumers. When a person uses another person's well known trademark, he tries to take advantage of the goodwill that well known trademark enjoys and such an act constitutes an unfair competition.

8. The concept of confusion in the mind of consumer is critical in actions for trademark infringement and passing off, as well as in determining the registrability of the trademark but, not all use of identical/similar mark result in

consumer confusion and, therefore, the traditionally principles of likelihood of confusion has been found to be inadequate to protect famous and well known marks. The world is steadily moving towards stronger recognition and protection of well known marks. By doing away with the requirement of showing likelihood of confusion to the consumer, by implementing anti-dilution laws and recognizing trans-border or spill over reputation wherever the use of a mark likely to be detrimental to the distinctive character or reputation of an earlier well known mark. Dilution of a well known trademark occurs when a well known trademark loses its ability to be uniquely and distinctively identify and distinguish as one source and consequent change in perception which reduces the market value or selling power of the product bearing the well known mark. Dilution may also occur when the well known trademark is used in respect of goods or services of inferior quality. If a brand which is well known for the quality of the products sold or services rendered under that name or a mark similar to that mark is used in respect of the products which are not of the quality which the consumer expects in respect of the products sold and/or services provided using that mark, that may evoke uncharitable thoughts in the mind of the consumer about the trademark owner's product and he can no more be confident that the product being sold or the service being rendered under that well known brand will prove to be of expected standard or quality.

10. Well known marks and trans-border reputation of brands was recognized by

Courts in India, even before Trade Marks Act, 1999 came into force. In ***Daimler Benz. Akiengesellschaft v. Hybo Hindustan, AIR 1994 Del 239***, the manufacturers of Mercedes Benz sought an injunction against the defendants who were using the famous 'three pointed star in the circle' and the word 'Benz'. The Court granted injunction against the defendants who were using these marks for selling apparel. Similarly, in ***Whirlpool Co. & Another v. N.R. Dongre, (1996) PTC 415 (Del.)***, the plaintiff Whirlpool had not subsequently registered their trademark after the registration of the same in 1977. At the relevant time, the plaintiff had a worldwide reputation and used to sell their machines in the US embassy in India and also advertised in a number of international magazines having circulation in India. However, the defendant started using the mark on its washing machines. After an action was brought against them, the Court held that the plaintiff had an established 'transborder reputation' in India and hence the defendants were enjoined from using the same for their products. In the ***Kamal trading Co. vs. Gillette UK Limited, (1998 IPLR 135)***, injunction was sought against the defendants who were using the mark 'O Clock' on their toothbrushes. This was further reaffirmed by the Bombay High Court, which held that the plaintiff had acquired an extensive reputation in all over the world including India by using the mark 'O Clock' on razors, shaving creams. The use of an identical mark by the defendant would lead to the customer being deceived.

13. Trademarks Act, 1999 does not specify the factors which the Court needs to consider while determining whether a mark is a well known mark or not, though it does contain factors which the Registrar has to consider whether a trademark is a well known mark or not. In determining whether a trademark is a well known mark or not, the Court needs to consider a number of factors including (i) the extent of knowledge of the mark to, and its recognition by the relevant public; (ii) the duration of the use of the mark; (iii) the extent of the products and services in relation to which the mark is being used; (iv) the method, frequency, extent and duration of advertising and promotion of the mark; (v) the geographical extent of the trading area in which the mark is used; (vi) the state of registration of the mark; (vii) the volume of business of the goods or services sold under that mark; (viii) the nature and extent of the use of same or similar mark by other parties; (ix) the extent to which the rights claimed in the mark have been successfully enforced, particularly before the Courts of law and trademark registry and (x) actual or potential number of persons consuming goods or availing services being sold under that brand. A trademark being well known in one country is not necessarily determinative of its being well known and famous in other countries, the controlling requirement being the reputation in the local jurisdiction.”

14. The trademark TOSHIBA which was adopted by the plaintiff in the year 1939 is being used across the globe

and the plaintiff company employed more than two lakhs persons as on 31.03.2010. The plaintiff company had worldwide sale of Yen 19,332 million, 18,575 million and 14,246 million in the year 2006, 2007 and 2008 respectively. It is registered proprietor of the trademark TOSHIBA in many countries including Singapore, USA, Canada, New Zealand, UK, South Africa, Australia and India. The plaintiff company holds as many as thirty registration of the word mark and device TOSHIBA in India in various classes. The trademark TOSHIBA is also included in an informal list of well-known marks available on www.ipindiaonline.gov.in.

15. The plaintiff company had export of Japanese yen 51596000000, 15834000000 and 6136000000 to India in the year 1993, 1994 and 1995 respectively, as is shown in Ex.PW-1/11. The right of the plaintiff in the trademark TOSHIBA was also upheld by Supreme Court in ***Kabushiki Kaisha Toshiba vs. Tosiba Appliances Company And Others***, (2008) 10 SCC 766. The plaintiff company is manufacturing and marketing products of various categories including home, office, business, education and entertainment. The plaintiff company claims to have

produced, first waterwheel power generators, first X-Ray tubes, first radio transmission tubes, first electric washing machines, first vacuum cleaners, first T.V. Broadcasting Transmitters, TV Microwave Relay System, first electric rice cookers, first microwave ovens, first transistorized televisions. It also claims to have developed world's first colour video phone, first expanded IC color TV, first optical disc based data filing system and first laptop personal computer. The plaintiff also claims to have commercialized the world's first HDD and DVD video recorder, world's first networked home appliances and developed 320 slice Dynamic Volume CT system that can complete images of the heart or brain in only one rotation. The Indian operations of the subsidiary of the plaintiff-company comprise PC business, LCD TVs business, home appliances business, thermal & hydro power plant system, engineering business, semi conductor business, multifunctional peripherals and transmission distribution and industrial systems business. The plaintiff-company is also included amongst global 500 companies identified by Fortune Magazine and its name appears at serial No. 89 in the list for the year 2010. The plaintiff-company had revenues of US\$ 68731.2 million in

the year 2010.

16. A well-known mark is accorded a statutory protection in the Trademarks Act, 1999, irrespective of whether it is an Indian mark or foreign mark. Section 29(4) of Trade Marks Act, 1999, which is relevant in this regard, reads as under:-

29(4) 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-

(a) is identical with or similar to the registered trade mark; and

(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and

(c) 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.

17. The owner of a well-known mark is entitled in law to seek injunction against use of that mark irrespective of whether the use is in relation to identical or similar goods or services or is in relation to other categories of goods or services. He may also prevent others from using the well-known trademark as a part of their corporate

name/business name.

18. For the reason given in the preceding paragraphs, I hold that the defendants No. 2 and 3 have infringed the registered and well-known trademark 'TOSHIBA' of the plaintiff-company by using it for selling and promoting elevators and escalators, using it on their letterheads/business cards, as part of their corporate name and by using the domain name www.toshibaelevators.com. The plaintiff, therefore, has made out a case for grant of injunction against defendants No. 2 and 3. As far as defendant No. 1 is concerned, he being only an employee of defendant No. 2, who otherwise claims to have disassociated himself from defendant No. 2, the plaintiff is not entitled to any injunction against him.

19. Coming to damages, this Court, while dealing with damages for infringement of well-known mark in the case of Tata Sons Ltd. (supra), *inter alia*, observed as under:

“The promotion and building of a Trade Mark, particularly a mark which is used in relation to a variety of good and/or services, requires considerable efforts, skill and expenses. The brands are not built in a day, it takes years to establish a brand in the market. Moreover, brand equity can be earned only if the quality of the product sold and/or services provided

under that name are consistently found to be of superior quality. No amount of marketing efforts and promotional expenditure can build a brand, particularly in the long run, if the quality of the product/service does not commensurate with the marketing efforts. The brands, particularly well known brands, themselves are now becoming highly valuable and in fact are being sold as standalone products. The companies which invest heavily in brand building and back them up by quality products are bound to suffer not only in reputation but also in financial terms, on account of diminution in the value of the brand as well as sale of their products/services, if the brands are not given adequate protection by the Courts, by awarding punitive damages against the infringers. Also, a soft or benevolent approach while dealing with such persons, is also likely to prejudicially affect the interests of the consumer, who may pay the price which a premium product commands in the market, but may get an inferior product on account of such unscrupulous persons using trademarks of others for their own commercial benefit, at the cost not only of the trade mark owner, but also the consumer who purchases their product.

Another purpose behind awarding punitive damages is to deter those who may be waiting in the wings and may be tempted to imitate the trade mark of others, in case those who are sued before the Courts are not made to pay such damages as would really pinch them. Awarding token damages may, therefore, not serve the desired purpose.

Our country is now almost in the league of advanced countries. More and more foreign companies are entering our markets, with latest products. They would be discouraged to enter our country to introduce newer products and make substantial investments here, if the Courts do not grant adequate protection to their intellectual property rights such as patents, trademarks and copyright. Most of the products sold by these companies are branded products, the marks on them having trans-border reputation and enjoying tremendous brand equity. It is, therefore, becoming increasingly necessary to curb such trade mark piracies lest they drive away the huge foreign investment our country is attracting. The Court should not give premium to dishonesty and unfair practices by those who have no compunctions in blatantly using the trademark of others for making unearned profits.”

20. The defendants are engaged in a widespread business of selling, installing and maintaining elevators and escalators of various sizes and designs. In their brochure, they claimed to have installed 6754 lifts of various types. They claim PAN India and international branches with customer care in Japan, Dubai and India. They claim to be in this business for 10 years. Considering the nature and volume of their business defendants No. 2 & 3 must have earned huge profits using the name ‘TOSHIBA’. They do not

claim to be small time traders or small scale manufacturers. They have not come forward to contest the suit. Hence, they have chosen to withhold the account books, which could have revealed their profits. Hence, substantial punitive damages need to be awarded against them.

21. Considering, (i) the duration for which the trademark TOSHIBA has been used by the plaintiff, (ii) the geographical extent of trading area in which this mark is being used, (iii) the volume of business being carried by the plaintiff using the mark TOSHIBA on its goods, (iv) the extent of knowledge of the mark TOSHIBA in India, which is evident from the business activities of the company in India and the wide range of the products being sold by it in India under the brand name TOSHIBA, (v) the extensive advertisement and promotion of the brand TOSHIBA throughout the world, including in India the number of registration which the plaintiff company holds in a large number of countries, including India in respect of the trademark TOSHIBA and (vi) the number of consumers buying goods being sold under this brand name, I have no hesitation in holding that the TOSHIBA is a well-known brand in India, brand TOSHIBA enjoys a trans border

reputation and has acquired the status of a well-known brand in India.

22. For the reason given in the preceding paragraphs, a decree for injunction with costs is passed in favour of the plaintiff restraining defendants No. 2 and 3 from manufacturing, selling, promoting, advertising or offering for sale any product using the word 'TOSHIBA' or a deceptively similar word for the purpose. They are also restrained from using the word 'TOSHIBA' as a part of their business name or on their business documents, such as letterheads and business cards, etc. Defendants 2 and 3 are also directed to get the domain name www.toshibaelevators.com de-registered within four weeks. They are further directed to pay Rs 5 lac as punitive damages to the plaintiff. The suit against defendant No.1 is dismissed without orders as to costs.

Decree sheet be drawn accordingly.

(V.K. JAIN)
JUDGE

JULY 29, 2011
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