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Date of Decision: 8th FEBRUARY, 2008

LARSEN & TOUBRO LIMITED Appellant
Through Mr. A.S. Chandhiok, Sr. adv. with
Mr. Sharukh Kanthawala, Ms.
Purnima Sethi, Mr. Ashish Wad, Mr.
Neeraj Kumar, Mr. Chirag Dave,
advs.

versus

M/S LACHMI NARAIN TRADES. & ORS. Respondents
Through Mr. Neeraj .K. Kaul, Sr. Adv. with
Mr. Rishi Aggarwal, Mr. Akshay
Ringe, advs.

CORAM:
HON'BLE MR. JUSTICE T.S. THAKUR
HON'BLE MS. JUSTICE VEENA BIRBAL

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

T.S.Thakur, J:

This appeal arises out of an order dated 28th July, 2006 passed by a learned Single Judge of this Court whereby an ad interim order of injunction earlier issued against the defendant-respondent herein has been made absolute with the modification that the defendant can continue to use the alphabets 'LNT' in an explanatory extended form as given in the order to avoid the likelihood of any confusion that the goods being sold by it are those of the plaintiff-appellant. Dissatisfied with the

said order even the defendant-respondent has filed cross objections *inter alia* challenging the findings recorded by the learned Single Judge that the adoption and use of the trade mark 'LNT' by it is malafide and intended to take advantage of the tremendous reputation which the plaintiff-appellant has earned in the commercial world. The controversy arises in the following backdrop:

2. The appellant Larsen and Toubro Ltd. for short 'L&T' is engaged in diverse business activities including transportation and infrastructural development, finance, information technology within and outside this country. Nearly a dozen subsidiary companies using the 'L&T' prefix with their names have been incorporated over the years to carry on the said business activities. The plaintiff's case is that it has applied for registering the marks "Larsen and Toubro" and "L&T" which applications are pending consideration. The plaintiff's further case is that its turnover and annual profits run into thousands of crores and that goods manufactured and services provided by it are being advertised extensively in print and visual media. The publicity expenditure, has according to the plaintiff-appellant, gone up from Rs.7 crores in 1991-1992 to Rs.53 crores in 2001-2002. Suffice it to say that according to the averments made in the plaint, the words/abbreviation 'L&T' has acquired a secondary meaning associating the same exclusively with the plaintiff which abbreviated or stylised form has been used by the appellant exclusively and extensively for considerable length of time stretching over nearly half a century. The plaintiff indeed claims to be one of the Asia's top most companies in India in the category of high quality service/products.

3. Aggrieved by the use of the names/abbreviation 'LNT' and 'ELENTE' as brand names for electrical goods including electrical

distribution systems like miniature circuit breakers etc. by the defendants, the plaintiff company filed a suit restraining it from passing off the said goods as that of the plaintiff by confusing the unwary customers. The plaintiff's case, as set out in the plaint, was that the use of name/abbreviation 'LNT' by the defendant was intended to capitalize on the goodwill of the plaintiff, for otherwise there was no reason for the defendant to adopt such a name and abbreviation. It was also alleged that the defendant/respondent had applied for registration of the trade mark 'LNT' under Section 18 of the Trade and Merchandise Marks Act before the trade marks authority. Pending the disposal of the application, the defendant had, despite notice issued to it, refused to stop the user of the mark 'LNT' leaving no alternative for the plaintiff except to file the suit and seek an injunction.

4. An application seeking an ad interim injunction restraining the defendants from using the mark LNT/ELENTE was also filed by the plaintiff on which a learned Single Judge sitting on original side of this Court passed an ex parte injunction on 27th June, 2003 restraining the defendants, their servants, agents etc. from using the marks/names/words/abbreviation LNT/ELENTE and any other deceptively similar name in relation to any of the goods being marketed by the defendants.

5. The defendants contested the suit in the written statement filed by them *inter alia* alleging that the name LNT/ELENTE was not similar to the trade mark and trade name used by the plaintiff. It was alleged that while the plaintiff was using the letters L and T for its products in conjunction with other brand names Hager and Salzer, the defendant was using the trade name LNT which cannot be said to be similar to the brand name of the plaintiff L & T. The defendants further alleged that

defendant no. 1 was carrying on his family business under the trade name Lachmi Narain Trades since April 2001 and that the brand name LNT was nothing but the abbreviated form of its business name. It was also alleged that the first concern of the defendant started in the name of Lachmi Narain Stores at Ooty in the year 1952 followed by certain other firms in the name of Lachmi Narain Electricals, Lachmi Narain Trades, Lachmi Narain Cables and Lachmi Narain Manas Export Oriented unit. It was further alleged that the defendants have been trading in electric miniature circuit breakers, electric rotary switches, electric PVC insulating tape, electric fluorescent chokes under the trade name LNT and that the plaintiff was aware of the business carried on by them. There was, according to the defendant, neither any similarity in the brand names nor any confusion likely to arise out of the user of the said names. The defendants on that premise sought dismissal of the suit and vacation of the ex parte order issued by the Court.

6. Rival contentions urged by learned counsel for the parties led the learned Single Judge to record the following significant findings of fact while disposing off the application for ad interim injunction by the order impugned in this appeal:

- 1) The plaintiff is a market leader in respect of its goods.
- 2) The abbreviation L&T used by the plaintiff-appellant are well-known and are identified with the goods manufactured and marketed by the plaintiff.
- 3) The abbreviation L&T has acquired a secondary meaning inasmuch as the moment the words L and T appear on a product, the consumer associates the same with the plaintiff.
- 4) The adoption of abbreviation LNT by the defendant does not appear to be bonafide inasmuch as even when the defendants

have been in business for a number of years it never occurred to them to use the said abbreviation till as late as in the year 2003.

5) Even the letter 'N' appearing between the alphabets L and T is not written in the ordinary manner but symbolizes a thunderbolt thereby making it obscure from the view of an ordinary person.

6) The use of trade mark logo LNT in the manner the same is being used by the defendant is likely to create confusion thereby entitling the plaintiff to the grant of injunction prayed for.

7. Having said so, the Court adverted to a suggestion made by the defendants and their willingness to use the trade name on the products in the following form:

“LNT/ELENTE-Lachmi Narain Traders”

8. That suggestion found favour with the learned Single Judge, who felt that the user of the trade name in the manner indicated above was bound to rule out any confusion in the minds of the customers with the product being purchased by them for that of the plaintiff. The ex parte injunction earlier issued was in that view confirmed with a modification by the learned Single Judge in the following words:

“Therefore, while confirming the injunction order dated 27th June 2003, it is made clear that the defendant is allowed to use the following description on its goods:-

“LNT/ELENTE-Lachmi Narain Trades”

19. If these changes are made, injunction order would not come in its way.

20. The application is disposed of in the above terms.”

9. Appearing for the appellant Mr. Chandhiok argued that learned

Single Judge having found on a question of fact that the use of trademark/logo LNT by the defendants was likely to create confusion and that the adoption of the said trademark/logo was not bonafide, there was no room for allowing the defendants to continue using the same in an extended form. The appellant had, according to the learned counsel, no objection to the use of the full form of “Lachmi Narain Trades” by the defendants-respondents herein so long as the defendants did not use the abbreviated form of LNT or ELENTE which was likely to continue the confusion in the minds of the customers that the products being sold by the defendants were those of the plaintiff's. It was contended that the operative part of the order passed by the learned Single Judge was in conflict with the finding recorded by him to the effect that L&T or ELENTE were associated with the plaintiff's goods which had acquired a definite and distinct reputation amongst the buyers. Reliance in support was placed by Mr.Chandhiok upon the following passage of the order passed by the learned Single Judge:

“12. In so far as reputation acquired by the plaintiff in respect of its goods is concerned, it hardly needs elaborate discussion. From the documents on record, sales figures and amounts spent on advertisements etc., it is clearly established that the plaintiff is a market leader in respect of its goods are well known. It can safely be said that these words are identified with the goods manufactured and/or marketed by the plaintiff. The word L&T or ELENTE are, therefore, associated with the plaintiff's goods and these trade marks of the plaintiff have acquired a definite and distinct reputation amongst buyers. They have, therefore, acquired a secondary meaning as the moment word 'L' and 'T' or L&T appear on a product, the consumer will associate the same with the plaintiffs. In fact, learned counsel for the defendants did not even try to question this claim of the plaintiffs. His attempt was to show distinguishing features between the two trade marks.”

10. There is in our opinion considerable merit in the submissions made by Mr.Chandhiok. Once the learned Single Judge came to the conclusion that the words 'L&T' or ELENTE are associated with the plaintiff's goods

and have acquired a definite and distinct reputation amongst the buyers, there was no justification for allowing the defendant to make use of the said words or any word or words phonetically similar to them. This was especially so when the learned Single Judge had recorded a specific finding to the effect that the adoption of the abbreviation LNT by the defendant was not bonafide no matter the defendants name may be Lachmi Narain Trades and LNT/ELENTE an abbreviated form thereof. The Single Judge has, in this regard, observed:

“In the present case, adoption of the abbreviation LNT by the defendants does not appear to be a bona fide. Maybe name of the defendants is Lachmi Narain Trades and the alphabet LNT are the abbreviation of this name.”

11. In the light of the findings of fact recorded by the learned Single Judge which are, in our opinion, perfectly justified in the facts and circumstances of the case, there was no justification for allowing the defendants-respondents herein to use the very same trademark/logo with or without the extended full form of the abbreviation Lachmi Narain Trades. If use of 'LNT/ELENTE' was not permissible for the reasons given by the Single Judge with which we agree, its user could not become permissible simply because the defendants were using the offending logo/trademark with someother expression like Lachmi Narain Trades in the present case. Inasmuch as the learned Single Judge permitted user of the offending expression LNT/ELENTE by the defendants, he, in our opinion, committed a mistake that needs to be corrected.

12. Mr. Kaul, learned counsel for the respondents, however, argued that since some of the products marketed by the defendants under the trademark/logo LNT/ELENTE are not even manufactured or marketed by the plaintiff-appellant herein there was no justification for restraining the

use of the said trademark or logo vis a vis such products. We do not think so. As rightly held by the learned Single Judge the test of “field of activity” is no more valid. The question really is one of real likelihood of confusion or deception among the consumers and the resultant damage to the plaintiff. The legal position on the subject is fairly well settled by a long line of decisions rendered by this Court as also the Apex Court.

13. In **Sunder Parmanand Lalwani and Ors. V. Caltex (India) Ltd., AIR 1969 Bombay 24**, a division bench of Bombay High court while dealing with the question whether there was any tangible danger of confusion between Caltex watches and Caltex petrol and various other oil products of the opponents, observed that although the goods were totally different and there was no trade connection between them still there was a likelihood of deception or confusion. The court observed :

“On the facts of this case, we have no hesitation in holding that a large number of persons, if they see or hear about the mark “Caltex” in connection with watches, would be led to think that the watches were in some way connected with the opponents, or they would at least wonder whether they were in any way connected with the opponents. Persons seeing the mark attached to watches, which is a new class of goods, would assume, or are most likely to assume, that they originated from the proprietor of the mark, namely, the opponents”

14. In **Bata India Ltd. V. M/s. Pyare Lal & Co. Meerut City and Ors. AIR 1985 Allahabad 242**, the Allahabad High Court was dealing with a situation where the plaintiff was manufacturing shoes, while the defendant was producing goods like foam and analogous products. Rejecting the argument that there was no possibility of any deception on the purchaser of foam materials in the market, the Court observed:

“This argument loses sight of an important feature viz., how would a lay customer know in the first place that the plaintiff was not producing foam or foam material? How would

the customers know that Bata were not producing foam? It is well known that the name represented makers of shoes and analogous products, but a question would also arise in the mind of the lay customers whether Bata were also producing foam. Who is going to answer this question? Does an ordinary customer ask the seller as to whose product it is? The answer generally is in the negative. He buys a thing on the basis of his own impression.

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Merely because the plaintiff in case is not producing foam is not enough to hold that there can be no passing off action in respect of the user of the name 'Bata' to the products marketed by the defendants. The user of the name or mark 'Bata' by the defendants is indicative of their intent. It appears that they desire to market their foam with a view to gain some advantage in a competitive market. As seen earlier, there is no plausible explanation as to why the name 'Bata' was being used by them. A passing off action would lie even if the defendants were not manufacturing or producing any goods similar to that of the plaintiff. A passing off action would lie where a misrepresentation is likely to be caused or a wrong impression created, as if the product was of some one else."

15. In **Daimler Benz Aktiengesellschaft and Anr. V. Hybo Hindustan**, AIR 1994 Delhi 239, a single judge of this court while issuing an injunction against the defendant from using the word 'Benz' with reference to any underwear manufactured by them in the face of the same being used by the plaintiffs therein for their cars, observed as follows:

"5. I think it will be a great perversion of the law relating to Trade Marks and Designs, if a mark of the order of the "Mercedes Benz" its symbol, a three pointed star, is humbled by indiscriminate colourable imitation by all or anyone; whether they are persons, who make undergarments like the defendant, or any one else. Such a mark is not up for grabs – not available to any person to apply upon anything or goods. That name which is well known in India and world wide, with respect to cars, as is its symbol a three pointed star."

16. In **Kiriloskar Diesel Recon (P) Ltd. Vs. Kirloskar Proprietary Ltd.**, AIR 1996 Bombay 149, Bombay High Court while dealing with a similar contention as is raised in the present case observed as follows:

"13. The expression 'common field of activity' was coined by Wynne-Parry J. in McCulloch v. Levis A. May (Product Distributors) Ltd. popularly known as 'Uncle Mac' case reported in 65 RPC 58 in which he held that its presence or absence was conclusive in determining whether or not there was passing off. However, the requirement that a 'common field of activity' is conclusive in determining whether there can be passing off has been extensively criticised by Manning J. in the case of Henderson v. Radio Corp. Pty. reported in (1969) RPC 218 holding that it would be unsafe to adopt the view expressed in McCulloch v. Mary that what has been called a common field of activity must be established in every case to entitle the plaintiff to succeed. He further held that it is going too far to say that the absence of this so-called common field of activity necessarily bars a plaintiff from relief. With the passage of time, law on requirement of common field of activity in a passing off action has radically changed. There is no requirement for a common field of activity to found a claim in passing off. In Marage Studies v. Counter Feat Clothing Co. Ltd. reported in (1991) FSR 145, Browne Wilkison V-C said that the so-called requirement of the law that there should be a common field of activity is now discredited. The real question in each case is whether there is as a result of misrepresentation a real likelihood of confusion or deception of the public and consequent damage to the plaintiff. The focus is shifted from the external objective test of making comparison of activities of parties to the state of mind of public in deciding whether it will be confused."

17. The Bombay High Court after observing that with the passage of time and reputation acquired, the trade mark 'Kirloskar' has acquired the secondary meaning and has become almost the household word laid down the following proposition in para 14 of the judgment:

"14. In the case of trading name which has become almost a household word and under which trading name a variety of activities are undertaken, a passing off can successfully lie if the defendant has adopted identical or similar trading name and even when the defendant does not carry on similar activity. Even if the defendant's activities in such circumstances, are remote, the same are likely to be presumed a possible extension of plaintiff's business or activities."

18 In **Mahendra & Mahendra Paper Mills Ltd. V. Mahindra Mahindra Ltd.** 2002(2) SCC 147, the Apex Court after extensively quoting with approval from the above judgments summed up the principles applicable in deciding an application for interim injunction as follows:

“Without intending to be exhaustive some of the principles which are accepted as well settled may be stated thus: that whether there is a likelihood of deception or confusion arising is a matter for decision by the court, and no witness is entitled to say whether the mark is likely to deceive or to cause confusion; that all factors which are likely to create or allay deception or confusion must be considered in combination; that broadly speaking, factors creating confusion would be, for example, the nature of the market itself, the class of customers, the extent of the reputation, the trade channels, the existence of any connection in course of trade, and others.”

19. We have, in the light of the above pronouncements, no difficulty in holding that the dissimilarity in some of the products in which the parties trade does not make any material difference insofar as the grant or refusal of injunction against the defendants in the facts and circumstances of this case are concerned.

20. In the result, we allow this appeal and modify the order passed by the learned Single Judge to the extent that the ex parte ad interim order dated 27th June, 2003 in I.A. 6716/2003 is made absolute and the defendants-respondents restrained from using the trademark/ names LNT/ELENTE or other deceptively similar name in relation to any of its products. We, however, make it clear that the defendants shall be free to use Lachmi Narain Trades only in its full and extended form as a trademark/logo for marketing its goods. No costs.

Cross-Objections

In the light of our findings and order in the FAO(OS)601/2006

there is no merit in these cross-objections which fail and are hereby dismissed but in the circumstances without any order as to costs.

T.S. THAKUR,J

VEENA BIRBAL, J

FEBRUARY 08, 2008
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