

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% *Judgment Pronounced on: 31st August, 2015*

+ **CS(OS) No.1305/2003**

LARSEN AND TOUBRO LTD. (L&T) Plaintiff
Through Mr.Ashish Wad, Adv. with
Ms.Kanika Baweja & Mr.Sangram,
Advs.

versus

LACHMI NARAIN TRADES AND ORS Defendants
Through Mr.Kirti Uppal, Sr. Adv. with
Mr.Himanshu & Ms.Sahiba, Advs.

**CORAM:
HON'BLE MR.JUSTICE MANMOHAN SINGH**

MANMOHAN SINGH, J.

1. The plaintiff has filed the present suit for perpetual injunction, passing off, rendition of accounts, etc. against the defendants.

2. The brief facts of the case as per plaint are that the plaintiff is an existing company incorporated under the Companies Act, 1956, carrying on business, *inter alia*, as Engineers, Construction Contractors, Manufacturers of switch gears, etc. The Memorandum and Articles of Association of the plaintiff have been exhibited as Ex. PW-1/2.

2.1 The plaintiff is the successor in business of a partnership firm formed by two Danish Nationals, Henning Holk-Larsen and Soren Kristian Toubro (hereinafter referred to as "the said partnership

firm"). The said partnership firm was established in the year 1938 for the purpose of carrying on business as engineers. As the business grew, the said partners decided to form a Limited Company and that is how the plaintiff was incorporated on 7th February, 1946 which took over the business of the said partnership firm.

2.2 The name of the plaintiff contained the surnames of the said two partners i.e. Larsen and Toubro and the same name was so chosen because the plaintiff was promoted by the said two partners having their aforesaid surnames.

2.3 Since incorporation, the plaintiff has been carrying on business in India and over the years its business activities have spread in other parts of the world. The word "Larsen" and/or the word "Toubro" have been associated by the traders and members of the public exclusively with the plaintiff. The plaintiff is also known by its short name viz. "L & T". "L" standing for Larsen and "T" standing for Toubro. The plaintiff's name Larsen and Toubro has acquired distinctiveness in respect of various goods sold and services provided by the plaintiff. The short form "L&T" necessarily brings to the mind of any person the plaintiff's name "Larsen" and "Toubro".

2.4 From time to time, the plaintiff extended its activities and the plaintiff carried on diversified business. Over the years, the plaintiff formed subsidiary Companies whose names are LTM Limited, L&T Finance Limited, Larsen & Toubro Infotech Limited, L&T Infocity Limited, Larsen and Toubro Celinco (Private) Limited, L&T

Transportation Infrastructure Limited, etc. The plaintiff also has associated Companies, the names of which are L&T-Chiyoda Limited, L&T-Niro Limited, L&T-Sargeant & Lundy Limited, L&T-Komatsu Limited, L&T Ramboll Consulting Engineers Limited, L&T-John Deere Limited, L&T-Case Equipment Limited, Larsen & Toubro (Oman) LLC, etc.

2.5 The letters "L&T" or the words "Larsen" and "Toubro" are found in the names of such of the aforesaid Companies because either they are subsidiaries of the plaintiff or they are associate Companies of the plaintiff in which the plaintiff has large stakes and such associate Companies were formed using the letters "L&T" or the words "Larsen" and "Toubro" because those Companies were promoted by the plaintiff for carrying on its diversified businesses not only in India but also abroad.

2.6 The plaintiff's had applied for registering the marks "Larsen and Toubro" and "L&T" which has since been registered under various classes.

2.7 It is claimed by the plaintiff that the words "Larsen" and "Toubro" have acquired such distinctiveness that any use by any person or Company or party of the word "Larsen" or "Toubro" or the abbreviation "L&T" is bound to cause confusion amongst the traders and members of the public. Such use will result in conveying an impression that the person using the word "Larsen" or "Toubro" or the abbreviation "L&T" is an offshoot or an agency or a subsidiary of the plaintiff or in some way connected, related and associated with the plaintiff.

2.8 The turnover and annual profits of the plaintiff company for the years 1991-1992 up to 2001-2002 have been mentioned in the paragraph 6 of the plaint. The plaintiff has been regularly declaring dividends. The plaintiff's shares are widely held and the net worth of the plaintiff for the years 1995-1996 up to 2001-2002 has been mentioned in para 6 of the plaint. The plaintiff has filed the above referred documents which are exhibited as Ex. PW 1/3, Ex. PW 1/4 and Ex. PW 1/5 respectively which are the annual reports of the plaintiff's company for the years 1999-2000, 2000-2001 and 2001-2002.

2.9 Plaintiff enjoys a high market capitalization and the plaintiff's shares command substantial respect on the various stock exchanges. The goods and services of the plaintiff's have been advertised extensively in both print and visual media. The advertisement expenses incurred by the plaintiff in the last 10 years are mentioned in para 8 of the plaint.

2.10 Plaintiff's name Larsen & Toubro and/or the abbreviation from thereof "L & T" and/or the stylized representation thereof have been appearing for a substantial period of time in both the print and visual media. The abbreviation "L & T" is also found in the newspapers whilst reporting the stock quotations.

2.11 The word/abbreviation "L & T" has acquired a secondary meaning and is associated exclusively with the plaintiff. Such name and/or its abbreviated and/or stylized form have been used exclusively extensively by the plaintiff for over half a century in India

and have come to be exclusively associated with the plaintiff and/or its group companies.

2.12 The goods and services under the said business name have come to be associated with the goods and services of the highest quality. The plaintiff's name and/or the abbreviated form thereof and/or stylized version thereof appear in all advertisements, letterheads and literature, concerning the plaintiff and/or its group companies. The plaintiff carries on diverse businesses and its said name has become a household name in the country.

2.13 The Far Eastern Economic Review which is Asia's leading publication ranked the plaintiff as the top most Company in India in the category of high quality services/products, in the annual survey carried out by the said Far Eastern Economic Review in the year 1999. The relevant extract of the said survey has been exhibited as Ex. PW1/6.

3. It is stated by the plaintiff that in the first week of June, 2003, the plaintiff learnt that the defendant Nos. 2, 4 and 5 were using the name/abbreviation "LNT"/"ELENTE" as a brand name for their electrical goods including electrical distribution systems like miniature circuit breakers etc. The visiting card of defendant No.4 showing the impugned mark "LNT" has been exhibited as Ex. PW 1/7. The catalogue pertaining to the products of the defendants' i.e. electrical distribution system including miniature circuit breakers etc. bearing the trademark "LNT"/"ELENTE" has been exhibited as Ex. PW1/8.

4. It is submitted by the plaintiff that on search taken by the Advocates for the plaintiff, it appeared that the defendant No.2 had

applied under Section 18 of the Trade and Merchandise Marks Act, 1958 for registration of the trademark "LNT" which application is pending before the Trade Marks Registry and the status of the said application is shown as "New Application". The Search Report issued by the Trade Marks Registry on 3rd June, 2003 has been exhibited as Ex. PW 1/9 along with affidavit.

5. The plaintiff by their letter dated 5th June, 2003 addressed to the defendant No.2 and letter dated 10th June, 2003 addressed to defendant Nos. 4 and 5 gave cease and desist notice to the defendants restraining them from using the brand name "LNT/ELENTE" as a brand name for their electrical goods or in any other manner including but not limited to their name boards, letter heads, visiting cards, stationery and all other material used by them. The plaintiff's letters dated 5th June, 2003 and 10th June, 2003 have been exhibited as Ex.PW1/10 and Ex.PW1/11.

6. Defendant No. 5 by a letter dated 16th June, 2003 written on the letterhead of defendant No.4 replied to the plaintiff's notice dated 10th June,2003 wherein they had admitted that they are buying LNT make material from defendant No.1.

In the said reply defendant No. 4 and 5 have alleged that they are not using the brand LNT and that defendant No.1 are the owners, promoters and users of the brand LNT. Along with the said reply defendant No.4 had annexed photostat copies of few documents from which it appeared that the defendant No.1 is a registered partnership of which defendant No.2 and 3 are partners. The reply

dated 16th June, 2003 received by the plaintiff from defendant No.4 along with its enclosures have been exhibited as Ex.PW1/12.

7. On 21st June, 2003 the plaintiff received a reply dated 14th June, 2003 written by defendant No.2 on the letterhead of defendant No.1. By their said reply defendant Nos. 1,2 and 3 have *inter-alia* admitted that they are carrying on business in electrical goods and miniature circuit breakers and rotary switches under the trademark LNT. But the defendant Nos. 1, 2 and 3 have tried to justify use/adoption of the marks/name LNT by them. The reply dated 14th June, 2003, which was received by the plaintiff from defendant Nos. 1, 2, and 3 has been exhibited as Ex. PW 1/13.

8. The defendants have claimed to have used the impugned mark since April, 2001. However, the 1st advertisement produced by the defendants is only of last week of December, 2002. The M/s Lachmi Narain Stores were the authorized stockist of the plaintiff since 1st July, 1991. The value of the transactions of the said Lachmi Narain Stores with the plaintiff in the year 2001-2002 was negligible compared to defendants obligation to purchase the products as mandated in the said agreement aggregating to the value of Rs.20.00 lacs for the said year.

9. Mr. Rodney Pereira, Manager, Marketing, Credit Products (Department) of the plaintiff along with Mr. Duria Mahesh Kumar from the Coimbatore Office of the plaintiff company had a meeting with Mr. Murli Khemchand at Ooty to discuss the said issue.

10. In the said meeting Mr. Rodney Pereira made it clear to Mr. Murli Khemchand that since M/s Lachmi Narain Stores had not

adhered to the terms and conditions set out in the said Agreement for the year 2001-2002, ordinarily the plaintiff would definitely not consider them for appointment as authorized stockiest for the following year. However, in view of the fact that M/s Lachmi Narain Stores had a long association with the plaintiff, and therefore to afford one more opportunity to M/s Lachmi Narain Stores, Mr. Pereira informed Mr. Murli Khemchand to forward to him, a firm indication of the product requirements of M/s Lachmi Narain Stores for the next twelve months, within one week from the date thereof, failing which, the plaintiff will be compelled to discontinue renewal of the said agreement with effect from April, 2002. Thereafter, Mr. Murli Khemchand assured Mr. Rodney Pereira on behalf of M/s Lachmi Narain Stores to send him within a period of two weeks from the date thereof, a firm indication of the product requirements of M/s Lachmi Narain Stores for the next twelve months. However, Mr. Murli Khemchand failed and neglected to furnish the required information to Mr. Pereira and therefore consequently the said Stockist Agreement with M/s Lachmi Narain Stores was not renewed by the plaintiff. Instead in June, 2002 Mr. Murli Khemchand wrote a personal note to Mr. Rodney Pereira informing him that since he (Mr. Murli Khemchand) is planning a visit to Pune, he will make a point to meet Mr. Pereira. Thereafter, Mr. Murli Khemchand met Mr. Perira at Pune and had tried persuading Mr. Pereira to consider renewing the Stockist Agreement. However, since Mr. Murli Khemchand was not willing to submit any firm indication of the product requirement of M/s Lachmi Narain Stores

for the next 12 months, Mr. Pereira informed Mr. Murli Khemchand that it was not possible for him to do anything in the matter.

11. The defendants started their family business way back in 1952 as Lachmi Narain Stores and thereafter, started another business in the name of Lachmi Narain Electrical in 1995 and in the name of Lachmi Narain Trades in 1998. The defendants with the intention of misleading innocent members of public have chosen brand names LNT/ELENENT to pass off their goods/products /business /services as that of the plaintiff.

12. The case of the defendants is that they have been carrying on business under the trade name Lachmi Narain Trades since April, 2001. Lachmi Narain is the family business name, way back in 1952 the first concern by the name Lachmi Narain Stores was started in Ooty and got registered with Sales Tax Authorities since 1956. They have been supplying goods to all Government and private sectors and have been associated with all major electrical companies and are also the Authorized Dealers/ Stockist for the following companies such as i.e. Philips India Ltd., Bajaj Electricals, MDS Switchgear, Havells India, Finolex Cables, Anchor Electricals, Crompton Greaves, Osram India Ltd., Standard Switchgear etc.

12.1. Lachmi Narain Trades was set up in the year 1998 in Coimbatore and trademark registration was applied for Lachmi Narain Trades on 17th April, 2001 and the defendants had commenced trade to deal in the following products by brand name LNT namely Electric Miniature Circuit Breaker, Electric Rotary

Switches, Electric PVC Insulating Tape and Electric Fluorescent Chokes.

12.2. They have only used the abbreviated form of its firm name LNT for its brand name and ever since the products were launched by the said company extensive advertisement has been carried out for our brand LNT vide color brochures, Trade Dairies, Association Circulars and Trade Magazine etc. and the same have been circulated throughout the Electrical markets and to the consumer. Copy of the sales Tax registration form for Lachmi Narain Stores dated 1st July, 1957 has been exhibited as Ex.-1/12.

12.3. In the beginning of the year 2002 the representatives of the plaintiff company being Mr. A. Pereira Manager Marketing, Traded Products (Department) Larsen &Toubro along with Mr. Mahesh from the Coimbatore division of the plaintiff company had come to the office of the defendant No.1 company at Ooty to discuss about the Miniature Circuit Breakers (MCB) being sold by defendant No.1.

12.4. After the said discussion it was decided that the defendant No.1 would change the colour of MCB and its packing from blue to green and that thereafter the plaintiff would have no objection to the same being sold by the defendant No.1 and in pursuance of this understanding defendant No.1 changed the colour of the MCB as also the colour of the packing. The sample of the changed packaging and MCB were sent to the plaintiff company on 19th June, 2002 which was received by the plaintiff on 21st June, 2002. The courier receipt dated 19th June, 2002 has been exhibited as Ex.-1/24.

12.5. The plaintiff has therefore, acquiesced in the defendant No.1's using brand name LNT and is not entitled to prevent the defendants from using the said brand name in any manner whatsoever as the plaintiff has been aware that the defendants have been using the brand name LNT/ELENTE since April, 2001 which is evident from the following fact:-

- (i) The authorized distributors/dealers of the plaintiff have their shops at Electric Market, Bhagirath Palace, Delhi. The authorized distributors/dealers of the defendant No.1 also have their shops at the same place and are selling the defendants' products under the brand name "LNT/ELENTE". Since the plaintiffs and defendant No.1's dealers/ distributors are working from the same place, the plaintiff is bound to have been aware through its distributors/dealers that the defendant No.1 has been selling products under the brand name since April 2001. Copy of the bill with logo LNT has been exhibited as Ex.-1/22.
- (ii) The defendant No.1 has been selling its products under the brand name LNT/ELENTE in various cities through their authorized electrical shops since the year 2001. It is therefore beyond doubt that plaintiff would have been aware of the defendants products since that time. Copy of the turnover sheets of defendant No.1 company has been exhibited as Ex.-1/21 and copy of the relevant extracts from the diary of Karnataka state licensed electrical contractors association of 2002 has been exhibited as Ex. DW-1/25.

- (iii) The plaintiff should have been aware that the defendants have been using the brand name LNT/ELENTE as both the plaintiff and the defendant have issued advertisements in the same publication since January, 2003 and thereafter. Copy of the advertisement in A.M.P.M Circulator in the month of January, February and March has been exhibited as Ex.-1/15. Ex.1/16 and Ex.-1/17.
- (iv) The Delhi Electrical Traders Association has been issuing circulars containing the advertisements of defendants and the defendants' brand name to its members which include the authorized dealers and distributors of the plaintiff. The plaintiff was aware about the defendants' brand name for a long time. Copy of the cover page of the annual Diary of the Delhi Electrical Traders Association 2003 and the relevant extracts have been exhibited as Ex. DW-1/23.
- (v) The Delhi Electrical Traders Association had also published a diary in the year 2003 which also included the defendant's advertisement along with its brand name. The said diary was distributed amongst the authorized electrical dealers including the plaintiff's authorized dealers/ distributors. It is therefore beyond doubt that plaintiff would have been aware of the defendants' products and brand name since then, Copy of the Letter dated 24th December, 2002 and 6th January, 2003 from Delhi Electrical Traders Association have been exhibited as Ex.-1/13 and Ex.-1/14.

13. The main defence of the defendants is that the brand name LNT/ELENTE used by the defendants is not similar to the trademark L&T used by the plaintiff and hence there is neither any similarity nor any deception. The plaintiff is using the letter LT for its products and that too in a conjunction with other brand names Hager and Salzer. Hence, the packaging of the plaintiff's products is completely different from that of the defendant. The defendant is using brand name LNT and the letter 'N' is in bold face. The said name LNT cannot be said to be similar to the brand name of the plaintiff i.e. LT. Pamphlet for defendants' miniature circuit brakes has been exhibited as Ex.Dw1/1. Box packaging under the plaintiff's brand name Hager and Salzer has been exhibited as Ex. Dw-1/2 and Ex. Dw-1/4.

14. Another defence raised by the defendants is that the defendants deals only in four products namely Miniature Circuit Breakers, Rotary Switch, PVC insulating tape and lastly Electrical Choke. Admittedly, the plaintiff does not deal with PVC insulating tape and Electrical Choke therefore there is no deception and/or confusion with regard to the said products. Even with regards to Miniature Circuit Breakers, the plaintiff is selling them under the brand name "Hager" of France and hence therefore there can be no confusion with the product of the defendants. Similarly, Rotary Switches are being sold by the plaintiff under the brand name "Salzer", so therefore there can be no confusion or similarity with the product of the defendants. Box packaging of defendants' fluorescent choke has been exhibited as Ex.Dw-1/6.

In the case packaging the defendants' product boldly states that the product "LNT" is marked by Lachmi Narain Trades. Therefore, there can be absolutely no confusion in the minds of the purchasers that defendants' product originated and/or are connected with the products of the plaintiff. Box packaging of the defendants with the logo has been exhibited as Ex.DW-1/5 and Ex.DW-1/3.

15. In a nut shell with respect to the using the name LNT, it is stated by the defendants that it is only using the abbreviation of its firm name Lachmi Narain Trades as its brand name. The name "LNT/ELENTE" has not been adopted by the defendants with the object of misleading and confusing the public into thinking that the defendants' products/goods are in some way associated or connected with the plaintiff. Moreover, Lachmi Narain Trades is the family business name of the defendants which has been used by them since 1952 as the first concern store opened by them in Ooty was by the name of Lachmi Narain Stores which also got registered with Sales Tax Authorities way back in the year 1956. The usage of the said name by the defendants is therefore honest and bonafide.

16. The use of the words "Lachmi Narain Trades" along with abbreviation LNT clarifies the use of the letter "LNT" by defendant No.1. The plaintiff has failed to show that it produces circuit breakers like that being supplied by the defendants. The use of the letter LNT which is an abbreviation of Lachmi Narain Trades is clearly bonafide and it does not confuse the general public and in fact the general public do not identify the goods sold by the defendants as that of the

plaintiff under the said name. Pamphlets for miniature circuit breakers of defendants has been exhibited as Ex.-1/11.

17. The defendant No.1 has no intention of making any claim on any of the plaintiff's trademark. The trademark of the defendants is not deceptively similar to the plaintiff. The plaintiff is known as Larson & Toubro and in the insignia only "LT" is written. The same itself would not allow any confusion in the market merely because the plaintiff calls itself "L&T" also does not mean that no person in the world can use the letter 'L' and 'T' even though the full form of the said letter would be something different than Larsen & Toubro. Box packaging of products of plaintiff with logo and address of the plaintiff has been exhibited as Ex.DW-1/7. Comparative logos of the defendants and that of plaintiff have been exhibited as Ex.DW-1/8, Ex.DW-1/9 and Ex.DW-1/10, Ex.DW-1/19, Ex.DW-1/20.

18. It is not disputed fact that the defendant No.1 is a partnership firm of which defendant Nos. 2 and 3 are partners. Defendant No.1, 2 and 3 are in the business of manufacturing/selling electrical goods including electrical distribution systems like miniature circuit breakers, rotary switches etc. (hereinafter referred to as the "said goods") under the brand name "LNT/ELENTE". Defendant No.2 has also applied under Section 18 of the Trade and Merchandise Marks Act, 1958 for registration of the trademark "LNT" which application is pending before the Trade Marks Registry and the status of the said application is shown as "New Application". The defendant Nos. 4 and 5 were trading in/selling in Delhi the said

goods manufactured by defendant Nos. 1, 2 and 3 under the marks “LNT/ ELENTE” at the time of the institution of the above suit.

19. Along with the suit, the plaintiff filed the interim application under Order XXXIX Rules 1 & 2 read with Section 151 CPC.

20. The said application was disposed of by a well-reasoned order passed on 28th July, 2006 while confirming the interim order passed on 27th June, 2003 against the defendants.

21. The defendants challenged the order dated 28th July, 2006 before the Division Bench, who dismissed the appeal of the defendants by passing the detailed judgment on 8th February, 2008.

22. After the completion of the pleadings, the following issues were framed:-

“(1) Whether the plaintiff has trade mark in “LNT/ELENTE” and use of mark “LNT/ELENTE” by defendant would cause or is likely to cause confusion in the mind of general public? OPP

(2) Whether the defendants are trying to pass off their goods as that of plaintiff's by use of Mark “LNT/ELENTE”? OPP

(3) Whether the plaintiff is entitled to a decree of perpetual injunction against the defendant, if so, on what terms and conditions? OPP

(4) Whether the plaintiff is entitled for damages, if so, how much? OPP

(5) Whether plaintiff is entitled for rendition of accounts? OPP

(6) Whether the plaintiff has acquiesced in defendant using brand name LNT, if so, to what effect? OPD

(7) Relief.”

23. The plaintiff produced the evidence by way of affidavit of Mr. K.R.Palta as Ex.PW1/A who was the constituted attorney and working for gain with the plaintiff. Power of Attorney in his favour has been exhibited as Ex.PW1/1.

24. The defendant produced the evidence by way of affidavit of Mr. Murli Khemchand as Ex.DW1/A who is the partner /authorised signatory of defendant No.1.

25. Issues No.1 and 2 are taken together in view of common effect.

26. It is settled law that competition must remain free, it is true. It is the life blood of free enterprise system. Yet it is essential that “trading must not only be honest but must not even unintentionally be unfair”. If it is shown that a business of a trader has acquired a distinctive character, the law will restrain a competitor from using the same and prohibition order can be passed by Courts for unlawful activities. A line must be drawn somewhere between honest and dishonest trading, between fair and unfair competition. One cannot make use of the plaintiff’s expensive labour and effort. One cannot deliberately reap where one has not sown and cannot be allowed to filch a rival trades. Passing off is thus a remedy for injury to goodwill.

27. Let me now discuss the case of the passing off made out by the plaintiff. The passing off is an action in deceit where there are three

ingredients which are required to be satisfied in order to make out the case of the tort of passing off which are goodwill, misrepresentation in the course of the trade and resultant damage occurred to the plaintiff. In order to determine whether the plaintiff has established the ingredients for successfully bringing an action for passing off it will be appropriate to advert to the broad principles of the law of passing off. In **'Kerly's Law of Trade Marks and Trade Names'**- pages 42 and 43, paragraph 16-02, the concept of passing off is stated here as under:

"The law of passing-off can be summarised in one short general proposition -no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number.

- a) Firstly, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services.
- b) Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to belief that the goods or services offered by him are the goods or services of the plaintiff.
- c) Thirdly, he must demonstrate that he suffers or, in a quick time action, that he is likely to suffer damage by reason of the erroneous belief engendered by the

defendant's misrepresentation that the source of the defendant's goods or service is the same as the source of those offered by the plaintiff..."

28. In the case of ***Laxmikant V. Patel vs. Chetanbhat Shah & Anr.***, (2002) 3 SCC 65, the Court in paras 8 and 10 held as under :

"8. It is common in the trade and business for a trader or a businessman to adopt a name and/or mark under which he would carry on his trade or business. According to Kerly (Law of Trade Marks and Trade Names, Twelfth Edition, para 16.49), the name under which a business trades will almost always be a trade mark (or if the business provides services, a service mark, or both). Independently of questions of trade or service mark, however, the name of a business (a trading business or any other) will normally have attached to it a goodwill that the courts will protect. An action for passing-off will then lie wherever the defendant company name, or its intended name, is calculated to deceive, and so to divert business from the plaintiff, or to occasion a confusion between the two businesses. If this is not made out there is no case. The ground is not to be limited to the date of the proceedings; the court will have regard to the way in which the business may be carried on in the future, and to its not being carried on precisely as carried on at the date of the proceedings. Where there is probability of confusion in business, an injunction will be granted even though the defendants adopted the name innocently.

10. A person may sell his goods or deliver his services such as in case of a profession under a trading name or style. With the lapse of time such business or services associated with a person acquire a reputation or goodwill which becomes a property which is protected by courts. A competitor initiating sale of goods or services in the same name or by imitating that name results in injury to the

business of one who has the property in that name. The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury.

29. *Salmond & Heuston in Law of Torts* (20th Edn., at p.395) call this form of injury as “injurious falsehood” and observe the same having been “awkwardly termed” as “passing off” and state as under :

“The legal and economic basis of this tort is to provide protection for the right of property which exists not in a particular name, mark or style but in an established business, commercial or professional reputation or goodwill. So to sell merchandise or carry on business under such a name, mark, description, or otherwise in such a manner as to mislead the public into believing that the merchandise or business is that of another person is a wrong actionable at the suit of that other person. This form of injury is commonly, though awkwardly, termed that of passing off ones goods or business as the goods or business of another and is the most important example of the wrong of injurious falsehood. The gist of the conception of passing off is that the goods are in effect telling a falsehood about themselves, are saying something about themselves which is calculated to mislead. The law on this matter is designed to protect traders against that form of unfair competition which consists in acquiring for oneself,

by means of false or misleading devices, the benefit of the reputation already achieved by rival traders.”

30. As per Kerly (Law on Trade Marks and Names, para 16.16) passing off cases are often cases of deliberate and intentional misrepresentation, but it is well-settled that fraud is not a necessary element of the right of action, and the absence of an intention to deceive is not a defence though proof of fraudulent intention may materially assist a plaintiff in establishing probability of deception. Christopher Wadlow in Law of Passing Off (1995 Edn., at p.3.06) states that the plaintiff does not have to prove actual damage in order to succeed in an action for passing off. Likelihood of damage is sufficient.

31. In the present case, this Court has to decide whether two marks of the parties i.e. L and T (of the plaintiff) and LNT/ELENTE (of the defendants) are deceptively similar or not. No doubt these are not identical marks. At the best, these may be considered as deceptively similar. The contention of the defendants is that the adoption is bonafide. The letters LNT have been adopted from the abbreviation of the name of main person concerned. Let me now consider as to whether the plea raised by the defendants is tenable in law. The similarity of plaintiff's and defendants' marks is evident from a side-by-side comparison of the two marks/logos which has been reproduced herein below:

Logo of Larsen & Toubro

Logo of Lachmi Narain Trades



32. In order to understand the arguments of the parties, one has to read together the definitions of "mark" and "trademark" under Sections 2(1)(m) and 2(1)(zb) of the Act. In Section 2(1)(m), the meaning of the "mark" includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof. Similarly, as per Section 2(1)(zb), the "trademark" means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours.

33. **TEST OF COMPARISON OF RIVAL MARKS**

(i) In *Pianotist Co. Ltd.'s application*, 1906(23) R.P.C. 774, it was observed as follows :

"You must taken the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be

likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion-that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods-then you may refuse the registration, or rather you must refuse the registration in that case."

(ii) In ***Parker Knoll Ltd. v. Knoll International Ltd.***, 1962 R.P.C. 265, Lord Denning explained the words "to deceive" and the phrase "to cause confusion" as follows:

"Secondly, 'to deceive' is one thing. To 'cause confusion' is another. The difference is this :

When you deceive a man, you tell him a lie. You make a false representation to him and thereby cause him to believe a thing to be true which is false. You may not do it knowingly, or intentionally, but still you do it, and so you deceive him. But you may cause confusion without telling him a lie at all, and without making any false representation to him. You may indeed tell him the truth, the whole truth and nothing but the truth, but still you may cause confusion in his mind, not by any fault of yours, but because he has not the knowledge or ability to distinguish it from the other pieces of truth known to him or because he may not even take the trouble to do so."

(iii) In the case of ***Sandow Ltd.'s Application***, 31 R.P.C. 205 it was clarified that among the surrounding circumstances to be taken into account, one of considerable importance is the imperfect recollection a person is likely to have of a mark with which he is only

vaguely acquainted. While approving the above tests for comparison of the two word-marks, the Supreme Court held in ***F. Hoffmann-La Roche & Co. Ltd. Vs. Geoffrey Manner & Co. Pvt. Ltd.*** (1969) 2 SCC 716 that:

"It is also important that the marks must be compared as whole. It is not right to take a portion of the word and say that because that portion of the word differs from the corresponding portion of the word in the other case there is no sufficient similarity to cause confusion. The true test is whether the totality of the proposed trade mark is such that it is likely to cause deception or confusion or mistake in the minds of persons accustomed to the existing trade mark."

(iv) In ***De Cordova and Ors. v. Vick Chemical Cov.*** (1951) 68 R.P.C. 103, the Privy Council while considering whether the mark 'Karsote Vapour Rub' was deceptively similar to trade mark 'Vapo Rub', inter alia, held as under:

"It is more useful to observe that in most persons the eye is not an accurate recorder of visual detail and that marks are remembered rather by general impressions or by some significant detail than by any photographic recollection of the whole."

(v) In the case of ***James Chadwick & Bros. Ltd. v. The National Sewing Thread Co. Ltd.***, AIR 1951 Bom 147, Chagla C.J. and Bhagwati, J.; referring to the words "likely to deceive or cause confusion" in Section 10 of the Act observed as follows:-

"Now in deciding whether a particular trade mark is likely to deceive or cause confusion, it is not sufficient merely to compare it with the trade mark which is already registered and whose proprietor is offering opposition to the registration of the former trade mark. What is important is

to find out what is the distinguishing or essential feature of the trade mark already registered and what is the main feature or the main idea underlying that trade mark, and if it is found that the trade mark whose registration is sought contains the same distinguishing or essential feature or conveys the same idea, then ordinarily the Registrar would be right if he came to the conclusion that the trade mark should not be registered. The real question is as to how a purchaser, who must be looked upon as an average man of ordinary intelligence, would react to a particular trade mark, what association he would form by looking at the trade mark, and in what respect he would connect the trade mark with the goods which he would be purchasing. It is impossible to accept that a man looking at a trade mark would take in every single feature of the trade mark. The question would be, what would he normally retain in his mind after looking at the trade mark? What would be the salient feature of the trade mark which in future would lead him to associate the particular goods with that trade mark?"

(vi) In the case of ***Aristoc Ltd. v. Rysta Ltd.***, (1945) 65 RPC 62 decided by the House of Lords, it was held that the comparison of trademarks was a matter of first impression, but the mark "Rysta" too closely resembled mark "Aristoc" phonetically and it would be liable to lead to deception and confusion.

"38. Thus, it appears to the Court that the trademark used by the defendant is deceptively similar to the trademark of the plaintiff and the use of the mark MAXTRADE by the defendant is likely to cause confusion and deception, as it is almost identical to the trademark of the plaintiff."

34. It is a common practice to use letters to indicate the range of products of a manufacturer. When placing orders such letters are referred to for identifying a particular item or spare part. The use of such letters may result in passing off if they refer to plaintiff's goods.

Where the letters are not descriptive of any feature of the plaintiff's goods but if the plaintiff satisfies the Court, the case of passing off is made out.

35. The most close case in order to decide the present matter is the case of ***B.K. Engineering Co. vs. Ubhi Enterprises & Anr.***, AIR 1985 Delhi 210, wherein the facts were that the plaintiff filed the suit for passing off against the defendants pertaining to the mark BK which is being used from time to time with the combination of main trademark 'Crown' in respect of cycle bells. The suit was filed on the basis of distinctiveness of mark BK and prior user against the defendants who were using the mark BK-81 for the same goods i.e. cycle bells. The case of the defendants was that the mark B.K. was non-distinctive; 'Crown' was the main trademark of the plaintiff; BK was used by them in non-distinctive manner and it was not used regularly. The adoption of the mark BK-81 is bonafide as the name of the mother of the Managing Partner was Baljit Kaur and she died in 1981, thus the mark adopted is bonafide. It is the abbreviation of the name of the mother Baljit Kaur. The plaintiff is hence not entitled for injunction. The learned Single Judge did not grant the injunction mainly on the reason that B.K. was not used as brand name. It was used with the main brand 'Crown'. The confusion and deception does not arise. The appeal filed by the plaintiff before the Division Bench was allowed and injunction was granted. The SLP filed by the defendants was dismissed. After recording the evidence the suit of the plaintiff was decreed. No further appeal was filed by the defendant. The above referred case is the closest case in hand.

Even otherwise, law is pretty settled with regard to comparison of letter marks of the parties. Relevant paras are as under :

“49. A fair and honest trader will not give misleading name to his product to the continuing detriment of a plaintiff who has built up his goodwill in the business after years of hard work for example, 13 or 14 years, as in this case. It is this intangible right to property which the law seeks to protect.

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51. The modernisation of the tort of passing off lies in this that what was previously a misrepresentation of goods has now become a misappropriation of another man's property in the business or goodwill, or misappropriation of another's personality. You cannot make use of the plaintiff's expensive labour and effort. You cannot deliberately reap where you have not sown. You cannot filch a rival's trade. Passing off is thus a remedy for injury to goodwill.

52.The modern character of the,tort of passing off was clearly brought out in Cadbury (supra). At p. 218 Lord Searman said :

"THE tort is no longer anchored, as in its early nineteenth century formulation, to the name or trade-mark of a product or business. It is wide enough to encompass other descriptive material, such as slogans or visual images which radio, television or newspaper advertising campaigns can lead the market to associate with the plaintiff's product, provided always such descriptive material has become part of the goodwill of the product. And the test is whether the product has derived from the advertising a distinctive character which the market recognises."

36. In view of settled law, facts and circumstances of the present case, it is apparent that chances of confusion and deception are apparent and the mark used by the defendants is deceptively similar. Thus, issue Nos.1 and 2 are decided in favour of plaintiff and against the defendants.

37. As far as question of delay is concerned, the contention of the defendants is that they were using the mark since 2001 within the knowledge of the plaintiff. It is not denied by the defendants that they were the stockist of plaintiff upto 2002. They were dealing with the mark L and T of the plaintiff. Even otherwise as per face value the defendants were using the mark since 2001. The present suit was filed in 2003. At the best there is a delay of about two years. Issue No.6 has been framed in this regard. The issue of delay in an action of passing off has been discussed by the Supreme Court and by this Court from time to time in the following cases :

- i) In the case of ***Hindustan Pencils Pvt. Ltd. Vs. M/s India Stationery Products Co.***, AIR 1990 DELHI 19 it was held as under :

“.....It was observed by Romer, J. in the matter of an application brought by J.R. Parkinson and Co. Ltd., (1946) 63 RPC 171 at page 181 that “in my judgment, the circumstances which attend the adoption of a trade mark in the first instance are of considerable importance when one comes to consider whether the use of that mark has or has not been a honest user. If the user in its inception was tainted it would be difficult in most cases to purify it subsequently”. It was further noted by the learned Judge in that case that he could not regard

the discreditable origin of the user as cleansed by the subsequent history.”

- ii) In the case of ***M/s. Bengal Waterproof Ltd. Vs. M/s. Bombay Waterproof Manufacturing Co.***, AIR 1997 SC 1398 it was held as under :

“20.....It is now well settled that an action for passing off is a common law remedy being an action in substance of deceit under the Law of Torts. Wherever and whenever fresh deceitful act is committed the person deceived would naturally have a fresh cause of action in his favour. Thus every time when a person passes off his goods as those of another he commits the act of such deceit. Similarly whenever and wherever a person commits breach of a registered trade mark of another he commits a recurring act of breach or infringement of such trade mark giving a recurring and fresh cause of action at each time of such infringement to the party aggrieved. It is difficult to agree how in such a case when in historical past earlier suit was disposed of as technically not maintainable in absence of proper relief, for all times to come in future defendant of such a suit should be armed with a license to go on committing fresh acts of infringement and passing off with impunity without being subjected to any legal action against such future acts.”

The ratio of the aforesaid decisions is squarely applicable to the facts of the present case. Thus, injunction cannot be refused on account of delay if the plaintiff has made a strong case on merit.

38. Even otherwise the defendants have no case of delay being the ex-stockist of the plaintiff's product. The adoption was tainted and dishonest. Reliance is placed on the following decisions:-

i) In ***Charan Dass v. Bombay Crockery House***, 1984 (4) PTC 102 (Del), the court restrained defendants' mark TRISHIL PERFECT and VIJAY PERFECT because defendants, up to 1981, were stocking and selling the stores manufactured by the plaintiffs under plaintiffs' registered trade mark PERECT and SWASTIK PERFECT. Defendants could thus easily pass off their goods as those of plaintiffs.

ii) In the case of ***J.K. Jain and Ors. Vs. Ziff-Davies Inc.***, 2000 (56) DRJ 806, where the subject matter of the suit were four titles used with respect to magazines, the basis of the plaintiff's suit is that the defendants/appellants were its licensee for publishing computer magazine under the trade mark "PC MAGAZINE INDIA" under a license agreement. As per the license agreement the appellants specifically agreed and acknowledged the copyright and trade marks of the plaintiff, not to exercise its rights under the agreement or otherwise claim any right or interest in trademarks beyond the rights given in the agreement. After the license stood terminated, the defendants/appellants started publishing four magazines, contrary to the terms of license. The Court on the issue of whether the words "PC", "WEEK", "MAGAZINE", "COMPUTER", "SHOPPER", "USER", "INTERNET", are descriptive or general words, observed that as an ex-licensee, appellants were estopped from claiming that the mark was descriptive since the appellants under the terms of the

agreement were unable to challenge the proprietary rights of the respondents trade mark or trade name on any ground. It was held that after termination of the license the very act of the defendant/appellant in publishing the four titles is contrary to the terms of the licence.

39. Under these circumstances, Issue No.6 is also decided against the defendants. Mr. Kirti Uppal, Senior Advocate appearing on behalf of defendants submits that the mark LNT is also registered in the name of third party. The plaintiff has taken no action. Firstly, no issue in this regard is framed and no evidence of cogent nature has been produced to the effect that the third party has been using the mark LNT prior to the plaintiff and actual goods manufactured and marketed by the third party have been produced. Still in order to satisfy my conscious the plea is being dealt with.

Common to the Trade

40. Law of *publici juris* has been discussed in various cases and the Courts have given their respective findings to the effect that a party who has taken the defence of *publici juris* has to prove his case. The same has been dealt with by the Courts in the following cases:

- (i) In ***Express Bottlers Services Pvt. Ltd. v. Pepsico Inc. and Ors.***, 1989 (9) PTC 14, it has been observed as under :

“50.....To establish the plea of common use, the use by other persons should be shown to be substantial. In the present case, there is no evidence regarding the extent of the trade carried on by the alleged infringers or their respective position in the trade. If the proprietor of the

mark is expected to pursue each and every insignificant infringer to save his mark, the business will come to a standstill. Because there may be occasion when the malicious persons, just to harass the proprietor may use his mark by way of pinpricks.... The mere use of the name is irrelevant because a registered proprietor is not expected to go on filing suits or proceedings against infringers who are of no consequence....”

- (ii) In the case of ***Century Traders vs. Roshan Lal Duggar & Co.***, AIR 1978 Delhi 250 it was observed as under:

“14. Thus, the law is pretty well settled that in order to succeed at this stage the appellant had to establish user of the aforesaid mark prior in point of time than the impugned user by the respondents. The registration of the said mark or similar mark prior in point of time to user by the appellant is irrelevant in an action for passing off and the mere presence of the mark in the register maintained by the trade mark registry did not prove its user by the persons in whose names the mark was registered and was irrelevant for the purposes of deciding the application for interim injunction unless evidence had been led or was available of user of the registered trade marks. In our opinion, these clear rules of law were not kept in view by the learned single Judge and led him to commit an error.”

For the aforesaid reasons the contention of Mr. Uppal, learned Senior counsel, is rejected as the same is without any force.

41. Issue No.3 is decided in favour of the plaintiff and against the defendants. Issue No.4 is not proved. Hence, the same is decided against the plaintiff. With regard to Issue No.5 pertaining to the relief of rendition of account, the counsel for the defendants during the course of hearing had informed that the defendants had stopped

using the impugned mark after the interim order passed on 27th June, 2003. There is no user of the mark by the defendants for the last 12 years. The two marks are not absolutely identical. Thus, considering the facts and circumstances in the matter, I am not inclined to pass the decree for rendition of accounts of profit. The issue No.5 is disposed of accordingly.

42. Under these circumstances, the suit of the plaintiff is decreed in favour of the plaintiff and against the defendants and a decree for permanent injunction is passed restraining the defendants, their servants and/or agents from using in any manner in relation to any of its business/services/goods/products including the electrical goods such as electrical distribution systems, circuit breakers, rotary switches etc., the name/words/abbreviation "LNT"/"ELENTÉ" or any other deceptively similar marks/name/ words/abbreviated letters in relation to any of their goods. Decree be drawn accordingly.

43. The plaintiff is also entitled for costs.

(MANMOHAN SINGH)
JUDGE

AUGUST 31, 2015