

**Essel Packaging Ltd. and Others Vs. Essel Tea Exports Ltd. and Others**

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**SooperKanoon Citation :** [sooperkanoon.com/352209](http://sooperkanoon.com/352209)

**Court :** Mumbai

**Decided On :** Jul-08-1997

**Reported in :** 1998(3)BomCR767

**Judge :** S.H. Kapadia, J.

**Acts :** Indian Trade and Merchandise Marks Act, 1958 - Sections 9, 30, 34 and 106; [Code of Civil Procedure \(CPC\), 1908](#) - Order 39, Rules 1 and 2; [Companies Act, 1956](#)

**Appeal No. :** Notice of Motion No. 2371 of 1993 in Suit No. 3808 of 1993

**Appellant :** Essel Packaging Ltd. and Others

**Respondent :** Essel Tea Exports Ltd. and Others

**Advocate for Pet/Ap. :** Virendra Tulzapurkar, Adv., i/b ;S.D. Phatarphekar

**Judgement :**

ORDER

**S.H.Kapadia, J.**

1. Defendants and their Advocate absent though served.
2. The above suit has been filed for permanent injunction to restrain the defendants herein from using the word 'ESSEL' as part of the corporate name of

the defendants--Essel Tea Exports Limited. The suit is for permanent injunction restraining the Defendants from using the word 'ESSEL' to pass off or enable others to pass off the goods and or business of the plaintiffs. The plaintiffs have applied for grant of injunction in terms of prayers (a) and (b) of the Notice of Motion which reads as follows:-

'(a) that pending the hearing and final disposal of the suit, the Defendants by themselves, their servants and agents or otherwise howsoever be restrained by a perpetual order and injunction of this Honourable Court from in any manner using the word ESSEL as part of their corporate name and/or trade name and/or trade mark in order to pass off or enable others to pass off their business or goods as and for those of the plaintiffs.

'(b) that pending the heating and final disposal of the suit the Defendants by themselves, their servants and agents or otherwise howsoever be restrained by a perpetual order and injunction of this Honourable Court from in any manner using in relation to any of their business, goods and/ or services the word or mark ESSEL or any other word or mark deceptively similar to the plaintiffs mark and/or style ESSEL so as to pass off the defendants' business, goods and services as and for those of the plaintiffs.

3. Briefly stated the facts of the dispute are as follows:--

4. The 1st plaintiffs are a company incorporated under the [Companies Act, 1956](#). The first plaintiffs were incorporated on 22nd December 1982. The first plaintiffs carry on business inter alia of manufacturing packaging materials.

5. The 2nd plaintiffs are a company incorporated under the [Companies Act, 1956](#). The 2nd plaintiffs were incorporated in the name of ESSEL's Amusement Parks (India) Limited on 7-7-1987. Subsequently, from 20-4-1992, their name was changed from ESSEL's Amusement Park (India) Limited to Pan India Paryatan Limited. The 2nd plaintiffs carry on the business through and in the name of two divisions, namely, 'ESSEL Vision' and 'ESSEL WORLD Consultancy Services'. ESSEL Vision carries on business of film production, distribution etc. ESSEL WORLD Consultancy Services carry on business of providing know how for setting

up amusement parks etc. The 2nd plaintiffs are the proprietors of well-known Amusement Park in Bombay by the name 'ESSEL WORLD'.

6. Plaintiffs No. 3 are the company incorporated under the [Companies Act, 1956](#). Plaintiffs No. 3 were incorporated on 24-8-1978 initially as a Private Company. On 4-1-1989, plaintiffs No. 3 became a public company. Plaintiffs No. 3 carry on business of export of various items such as tea, coffee, food grains etc. Plaintiffs No. 3 have also applied for registration of the word 'ESSEL' as trade mark for edible articles for human consumption which covers tea, coffee, etc. under Indian Trade and Merchandise Marks Act, 1958. The said application is pending. In the said application, user of the mark is claimed from January 1993 as the plaintiffs No. 3 have been using the same since 1993.

7. Plaintiffs No. 4 are a partnership Firm whose partners are the family members/ close relatives of the promoters of plaintiffs 1 to 3.

8. Defendants were incorporated on 8-9-1987 under the name and style of Bansions Beverages Private Limited which was subsequently on or before 19-5-1992 changed to the present name, namely, ESSEL Tea Exports Limited (hereinafter referred to for the sake of brevity as the 'impugned name').

9. Some time in September 1993, the plaintiffs came to know about this fact of change of name by the defendants from Bansions Beverages Private Limited to Essel Tea Exports Limited. The circumstances under which they came to know are indicated by congratulatory letters addressed by some of the friends to the plaintiffs. The letter dated 10-9-1993 was addressed by one Ashok Sanghvi to the Chairman of ESSEL group of industries (plaintiffs). This letter indicates that the Defendants have come out with a public Issue of 44,30,000 equity shares of Rs. 10/- each of Essel Tea Exports Limited. This letter was followed by another letter dated 18-9-1993 addressed by one Pujit Aggarwal to the Chairman of Essel Group of Companies (plaintiffs) by which Shri Aggarwal applied for allotment of 1000 shares of Essel Tea Exports Ltd. from the promoters quota. Third letter is dated 20-9-1993 addressed by Shri Vasant Parekh to the Chairman of Essel Group of Companies also seeking allotment of 500 equity shares out of promoters' quota. In view of the three letters and also in view of the application form inviting

subscription from the Indian Public, the above suit was filed on 8th October 1993.

10. The cause of action for filing the above suit is spelt out in paragraph 8 of the plaint in which the plaintiffs have stated that they enjoy an excellent and wide reputation as manufacturers and dealers in the various products and services provided by them as aforesaid and that the plaintiffs have been in existence for a very long time and by excellent quality of the products and services of the plaintiffs, the plaintiffs have acquired tremendous reputation and popularity for their business, services and products. According to the plaintiffs the three letters 'ESS' being part of the word 'ESSEL' appearing in the name of the plaintiffs' various companies, is the first essential character of the name Subhash Chandra the Chairman of the plaintiffs various companies and the word 'EL' being part of the word 'ESSEL' appearing in the name of the plaintiffs' various companies is the first character of the name Laxmi Narayan Goel, the brother of Subhash Chandra and a Director of various plaintiffs' companies. Accordingly, the word 'ESSEL', according to the plaintiffs forms dominant and prominent part of the plaintiffs' corporate name and trading style, has come to be associated by the members of the trade and by the public in India and also abroad, exclusively with the plaintiffs. The word 'ESSEL' forms part of and is an essential, dominant part of the plaintiffs' trade and business name and style and that the trading style with the word 'ESSEL' is associated exclusively with the plaintiffs' Group of Companies. Because of the popular amusement park 'ESSEL WORLD' also, the members of the trade and the public associate with the word 'ESSEL' exclusively with the plaintiffs and with the various companies belong to ESSEL group. In the plaint the plaintiffs have also annexed a statement showing the turn over of the ESSEL group of industries for the last five years (see paragraph 10 of the plaint). It is the case of the plaintiffs that by reason of all the aforesaid, the word, trading style and mark ESSEL has come to be associated exclusively with the plaintiffs and ESSEL Group of Companies and any reference to the word ESSEL' denotes and connotes reference to the plaintiffs and the ESSEL Group of Concerns alone. There is a very close interconnection and or association among the plaintiffs inter se. As stated hereinabove, one of the plaintiffs' Group of Companies are in the business of exporting tea. In the above circumstances, the plaintiffs have filed the suit seeking the above prayers.

11. By way of Affidavit in reply to the Notice of Motion, it is contended on behalf of the defendants vide Clause (ii) that in or about 1985 many persons in the State of West Bengal commenced business of tea plantations. The defendants started acquiring land suitable for starting tea plantation and from time to time they acquired 75 Hectares of land with the intention of setting up tea plantation and making tea for export. According to the Affidavit in reply filed by Chairman of the defendants- Company Samarlal Agarwalla, in order to ensure that the name of the defendants- Company Reflects the Company's business, the Directors of the defendants i.e. Samarlal Agarwalla and his brother thought of changing the name from Bansisons Tea Exports Ltd. to Essel Tea Exports Ltd. and they thought of the word 'ESSEL' because it was derived from the name of the Chairman of the defendants Shri Samarlal Agarwalla. According to the said affidavit, the letter 'ESS' part of the word 'Essel' appearing in the name of the defendants is the first character of the names' while the word 'El' being part of the word 'Essel' is the first character of the word 'Lal' meaning thereby 'Satnar Lal's'. Accordingly it is the case of the defendants that the word 'Essel' has been adopted in 1985 honestly, bonafide, without notice or knowledge of the fact that the said word 'Essel' is being used by any person other than the defendants as part of their corporate name and style or as a trade mark.

12. In the case of Kirloskar Diesel Recon Pvt. Ltd. v. Kirloskar Proprietary Ltd., reported in : AIR1996 Bom149 , Junjhunuwala, J., (as he then was) has considered the principles of law in passing off actions: In that matter, appeals came to be filed by Kirloskar Diesel Recon Pvt. Ltd. the original defendants against the Order dated 14-6-1994 passed by the III Additional District Judge, Pune in respondents' application under Order XXXIX, Rules 1 and 2 of the Code of Civil Procedure, 1908 for grant of interim injunction in Civil Suit filed by the respondents/ plaintiffs in the Court of District Judge, Pune. The plaintiffs were Kirloskar Proprietary Ltd. It was the case of the plaintiffs-Kirloskar Proprietary Ltd. that the plaintiffs are a Company duly incorporated under the Companies Act and that each of them belong to well-known 'Kirloskar Group of Companies'. The names of Group of Companies are also given in the said judgment. There were about 27 Companies belonging to Kirloskar Group of Companies. It was the case of the Plaintiffs that the word ' Kirloskar' forms part of the corporate name of each

of the plaintiffs 'Group of companies. It was the plaintiffs' case that one Laxmanrao Kashinath Kirloskar the founder of the 'Kirloskar Group of Companies', commenced business of bicycle repairing in 1888 along with his brother Ramuanna at Belgaum. In the year 1910, they shifted to Kundal of which name later on changed to Kirloskarwadi due to activities of Kirloskar Group of Companies'. In the year 1920, the Kirloskar brothers converted their Private Company into a Public Limited Company and in the course of time, they expanded business and incorporated various Companies and, accordingly, the word 'Kirloskar' was adopted as trade mark and has been extensively used by various Companies of Kirloskar Group and accordingly the word 'Kirloskar' became part of the corporate name of the 'Kirloskar Group of Companies' which connotes the distinctiveness, reputation, quality and goodwill acquired over long period of time. The word 'Kirloskar', according to the plaintiffs was an important part of the corporate name of the plaintiffs and other Companies belonging to 'Kirloskar Group of Companies'.

In that matter, as far as defendants were concerned, between June 1983 and August 1985, defendant No. 2 was the President of plaintiffs No. 3 Company which was belonging to 'Kirloskar Group' and during that time a vigorous campaign for image building of the Kirloskar Group of Companies' was also carried out. On 28-5-1992, the plaintiff No. 2 received letter from certain customers informing that Kirloskar Holdings Pvt. Ltd. was proposing to get a logo mark registered in respect of the parts and components of internal combustion engines and engine tools. On further inquiry, it was revealed to the plaintiffs that the defendants were incorporated on 12-3-1991 and that defendant No. 2 was the Promoter, it was also revealed that Kirloskar Transport Pvt. Ltd. was incorporated on 22-1-1991 and the 2nd defendant was a Promoter thereof. On 3-8-1992, the plaintiffs addressed a letter pointing out that the use of the word 'Kirloskar' in the corporate name of Kirloskar Diesel Recon Pvt. Ltd. would result in deception and it was further pointed out that the action of Kirloskar Diesel Recon Pvt. Ltd. in each of the appeals amounted to passing off the goods of the defendants and business of the Defendants as that of the plaintiffs even though none of the defendants had any connection with the 'Kirloskar Group of Companies'. Accordingly, each of the defendants were called upon to forthwith cease and desist from using the

word/name 'Kirloskar' as part of its trade name. However, it was contended by the defendants that they were entitled to use the word/name 'Kirloskar' as part of the corporate names and they refused to desist from using the word/name 'Kirloskar' as part of corporate names and, in the circumstances, the suit came to be filed to restraining Kirloskar Diesel 'Recon Pvt. Ltd. from using the word 'Kirloskar' as part of its corporate names and of trading style so as to pass off or enable others to pass off the goods of the defendants or business of that of Kirloskar Proprietary Ltd. In some way connected with 'Kirloskar Group of Companies'.

13. In the above cited case, one of the points taken up by Kirloskar Diesel Recon Pvt. Ltd. was that though there were 27 Companies who have used the name 'Kirloskar' as part of the corporate name, many of such Companies are not the members of the so-called 'Kirloskar Group of Companies' and that there was no concept of 'Kirloskar Group of Companies' and that the name of the Kirloskar did not form an important part of the corporate name of the plaintiffs and of the 'Kirloskar Group of Companies. It was contended that the word 'Kirloskar' was merely a surname and by virtue of sections 9 and 34 of the Act the persons having the surname 'Kirloskar' were entitled to adopt and use it as their trade mark and or trade name and as such the defendants had a right to use it because the work 'Kirloskar' did not connote any distinctiveness, reputation, quality or goodwill alleged to have been acquired by the plaintiffs over last several years. One of the main contentions which arose for determination before the learned Single Judge in the matter of Kirloskar Diesel Recon Pvt. Ltd. (supra) was the controversy pertaining to 'common field of activity' and also to the question that if the fields of activities are different and the goods manufactured by the plaintiffs are different from those manufactured by the defendants, whether the plaintiffs were entitled to an interim injunction in passing off action.

14. In the present case also, one of the points which arises for determination is the controversy pertaining to common field by activity. It is the case of the defendants herein that they are in the Tea Export Business whereas the Group of Companies of the plaintiffs are not in Tea Export Business. It is also contended that even one of the Companies which is in the Tea Export Business does not bear the name 'ESSEL' and in the circumstances, the plaintiffs are not entitled to an interim

injunction in passing off action. This argument was also advanced in the case of Kirloskar Diesel Recon. Pvt. Ltd. (supra) and it was rejected by Jhunjhunwala, J., by observing that the expression common field of activity is not conclusive for deciding whether there can be a passing off action although at one point of time the said test was treated as conclusive. With the passage of time the law on requirement of common field of activity in a passing of action has radically undergone a change and, according to the learned Single Judge, there is no requirement for a common field of activity to found a claim in passing off because the real question in each of such cases 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 is likely to be caused and if that is the test then 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. Applying the test of misrepresentation, the learned Single Judge Jhunjhunwala, J., observed that the business activity of the plaintiffs, namely, 'Kirloskar Group of Companies' which vary from pin to piano as borne out from the object clauses of the Memorandum of Association is likely to create confusion if the defendants business activities are allowed to be carried out in the name of Kirloskar Diesel Recon Pvt. Ltd. because 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.

14.1. In the case of Bajaj Electrical Ltd. v. Metals & Allied Products, reported in : AIR1988 Bom167 , the Division Bench of this Court while granting injunction has observed that it is always in the interests of fair trading and in the interests of all who may wish to buy or to sell goods, the law recognises that certain limitations upon freedom of action are necessary and desirable. In some situations the law had to resolve what might at first appear to be conflicts between competing right. In solving the problems which have arisen there has been no need to resort to any abstract principles but rather, to the straightforward principle that trading must not only be honest but must not even unintentionally be unfair.

15. Now applying the test made but by the above two decisions of this Court to the facts of our case, the letters referred to hereinabove clearly indicate that the members of the public have been misled by the use of the word 'Essel' in the corporate name of defendants Essel Tea Exports Ltd. Apart from the letters, issuance of advertisement inviting public to participate in the issuance of shares and photograph of the advertisement issued by the Directors of the defendants clearly indicate that the above tests laid down by this Court are fully satisfied. The facts have been narrated at length by this Court in earlier paragraphs.

16. One more fact needs to be mentioned that the plaintiffs have given a demand notice to the defendants asking them not to use the word 'Essel' in the corporate name. No reply has been given to the said demand notice and even the explanation given by the Chairman of the defendants for deriving the word 'Essel' is no explanation which is worth indicative of the fact that this word 'Essel' honestly and bona fide adopted by the defendants.

17. Taking into account all the above facts and circumstances of the case, the following order is passed:-

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