

MANU/DE/0682/2002

**Equivalent Citation:** 98(2002)DLT565

**IN THE HIGH COURT OF DELHI**

IAAs 9924/2000 and 690/2001 in S. 2166/2000

Decided On: 28.05.2002

Appellants: **Essel Packaging Limited**  
**Vs.**

Respondent: **Sridhar Narra and Anr.**

**Hon'ble Judges/Coram:**

J.D. Kapoor, J.

**Counsels:**

For Appellant/Petitioner/plaintiff: Rajiv Nayar, Sr. Adv. and Pratibha M. Singh, Adv

For Respondents/Defendant: C. Mohan Rao, Adv.

**Subject: Intellectual Property Rights**

**Acts/Rules/Orders:**

Code of Civil Procedure, 1908 (CPC) - Order 39 Rules 1, Code of Civil Procedure, 1908 (CPC) - Order 39 Rules 2, Code of Civil Procedure, 1908 (CPC) - Order 39 Rules 4

**Cases Referred:**

Essel Packaging Limited and Ors. v. Essel Tea Exports Ltd., 1999 PTC (19) 521; Montari Oversead Ltd. v. Montari Industries Ltd., 1996 PTC (16); Kirloskar Diesel Recon.(P) Ltd. and Ors. v. Kirloskar Proprietary Ltd. and Ors., 1997 PTC (17); Mahindra & Mahindra Ltd. Paper Mills Ltd. v. Mahindra & Mahindra Ltd., 2002 24 PTC 121 S.C.; Info Edge(India) Pvt. Ltd. v. Shailesh Gupta and Anr., 2002(24) 355 Delhi

**Case Note:**

- a) The case discussed the requirements for the finality of the ex parte order passed under Rule 1 and 2 of Order 39 of the Civil Procedure Code, 1908 – It was held that in case the parties are before the Court, it is required to return the findings on the basis of the contentions and the counter contentions – Further, in case the order of injunction is passed ex parte, it does not attain finality in terms of the contentions raised by the plaintiff or for any other purpose – Thus the order cannot attain finality unless and until contentions or objections are decided on merits
- b) The case discussed the chances of deception of the domain name within the provisions of Section 2(1)(d), 27(2) and 106 of the Trade and Merchandise Marks Act, 1958 – It was held that the website of the plaintiff could not be held to have no element of deception merely because the same could be hit by means of the internet search engines
- c) The case discussed whether the suit filed by the plaintiff for grant of injunction by way of passing off was barred due to non-registration of the trademark, within the provisions of Section 27(1), (2), 28 and 106 of the Trade and Merchandise Marks Act, 1958 – The suit was filed by the plaintiff to restrain the defendant from using the word 'Essel', as the same was used by it – It was held that the suit of the plaintiff was not barred by the non-registration of the trademark, as he had sought an action for passing off and had not sought action for infringement of trademark
- d) The case discussed whether the suit filed by the plaintiff for action for passing off under Section 27(2) and 106 of the Trade and Merchandise Marks Act, 1958, could be affected by the registration of the domain name by the defendant – The plaintiff had sought action of passing off for the use of word 'Essel' by the defendant, as the same was used by the plaintiff – It was held that the word 'Essel' was being used by the plaintiff much before the defendant and the same had become synonymous with the business of the plaintiff and its group companies – Further, the plaintiff had got the exclusive right to use the word 'Essel' and the same was not a descriptive or generic word and had no dictionary meaning – Further, in case the defendant was not restrained from using the said word, the same could cause irreparable damage to the plaintiff and the action of passing off could not be affected by the non-registration of the trademark by the plaintiff – Further, the defendant could not acquire the proprietary rights over the same, merely by registration of the domain name

1. This order shall dispose of the application under Order 39 Rule 4 CPC moved by the defendant No. 3 and application under Order 39 Rule 1 & 2 CPC filed by the plaintiff as both these applications are interlinked and fate of one shall decide the fate of the other.

2. The question that calls for determination is whether the word 'ESSEL' is one of the most commonly used name in the business and trading in India and, therefore, plaintiff/applicant has a sole proprietary right to use the same and restrain others from using it in any kind of business activities as the defendant No. 3 has taken the stand that this word is being commonly used by large number of persons in business and other activities and that not less than 150 companies are using the name/mark ESSEL.

3. plaintiff seeks protection of the trade name ESSEL as well as domain name ESSELSOFT.COM mainly on the following premises:-

i) That the plaintiff founded the companies with prefix ESSEL in 1982 and has been a pioneer in the manufacture of fully collapsible laminated tubes, co-extruded seamless tubes and laminates and is part of US\$ one billion Essel Group which has interests in media/entertainment telecom, trading and property development. The plaintiff is the market leader in India with a manufacturing capability of one billion tubes.

ii) That the word ESSEL was coined by the plaintiff. Word "ESS" is the first essential character of the name Subhash Chander, the Chairman of the plaintiff's various companies and the word "EL" is the first character of the name Laxmi Narayan Goel, the brother of Subhash Chandra and a Director of various plaintiffs companies. It is neither a dictionary word nor a surname nor a descriptive word.

iii) That the word 'ESSEL' has become synonymous with plaintiffs group of companies and Therefore use of the word ESSEL by any party irrespective of the fact whether it is being used in different filed of activity is not permissible as it amounts to offence of passing off as it creates confusion and deception in the minds of unwary customers as to its source or origin.

(iv) Similarly the plaintiff is also the owner of domain name ESSEL.COM, ESSELPACKAGING.COM AND ESSELWORLD.COM. The internet printout of "Google" shows that out of the top 50 search results relating to Essel in India, 45 search results relate to the plaintiff and its group companies. This itself demonstrates the primacy and proprietorship of the plaintiff over the word ESSEL.

(v) That the use by the defendants of the domain name ESSELSOFT.COM is likely to create confusion and deception leading internet users to believe that the defendants are connected with the plaintiff.

(vi) That the registration of the said domain by the defendants is unlawful, illegal and is a "Bad Faith" registration as defined in the 'Uniform Domain Name Dispute Resolution Policy' framed and adopted by the ICANN (Internet Corporation for Assigned Names and Numbers) with malafide motive to take undue advantage from the well established reputation and goodwill of the plaintiff.

(vii) That the intention of the defendant in using the word ESSEL in the field of software is obviously malafide and is prejudicial to the interest of the plaintiff as they want to trade upon the worth, goodwill and reputation of trading name of the plaintiff which has been earned by spending huge sums by way of advertisements in various newspapers, print media and electronic media.

4. On the other hand defendants have made all out efforts to protect their right to use the mark ESSEL as they claim to be the bonafide users of the domain name ESSEL soft.com and do not in any manner compete or trade in similar goods as that of the plaintiff. Put briefly the defenses set up by them are as under:-

1) That the use of the word ESSEL on the world-wide web does not solely relate to the business of the plaintiff. The plaintiff does not have proprietary rights over the word ESSEL. Neither was it coined by it nor is the plaintiff prior user.

2) The word ESSEL was used as trade name by various Indian Companies prior to incorporation of the plaintiff company. The Aditya Birla Group established a company in 1950 under the name and style of ESSEL Mining and Industries Limited. Many other Indian firms have also in the past and present employed the word ESSEL as part of their enterprise in varied fields of commercial activities. Likewise many dot comes on the internet have the name ESSEL as prefix or suffix on their domain names as well.

(3) The plaintiff has not registered the trade mark in the word ESSEL. The said trade mark is not distinctive of the plaintiff's company course of business nor has the plaintiff adopted this mark for

all business activities in India and abroad. The word ESSEL Soft Com was evolved by expanding the letters "SL" which stood for first letters of the names of the managing partners being Srinivasa Rao and Mrs. Laxmikantam and incidentally these names have been derived mythologically from Lord Balaji and Goddess Lakshmi. Some domain names are like this:

- (i) Essel SK
- (ii) Davidessel Com
- (iii) SV Essel De
- (iv) Essel email com
- (v) Essel wed com
- (vi) Essel CI etc.

5. The Registering Authority of domain names namely the internet solutions does not as a matter of policy register names which per se resemble with the another company. A Registration is granted only after satisfying the bonafides. Therefore the confusion which the plaintiff is apprehending is misplaced and far fetched.

6. In support of the fact that the word ESSEL was coined by and belongs to the plaintiffs' group of companies and has tremendous reputation and goodwill all over the world Mr. Rajiv Nayar, learned counsel for the plaintiffs placed reliance upon the decision of the Bombay High Court in Essel Packaging Limited and Ors. v. Essel Tea Exports Ltd. **1999 (19) PTC 521** wherein plaintiff had sought action against the infringing party in respect of tea export business and the defendants had also taken the similar plea that the word ESSEL is a common name and is neither coined name nor the exclusive property of the plaintiff. The defendant also filed affidavit in reply to the notice of motion. According to the said affidavit, the name 'Esseles' as prefix to Tea Exports was derived from the name of the Chairman of the Defendants Shri Samarlal Agarwalla. According to the said affidavit, the letters "ESS" as part of the word "Easels" appearing in the name of the defendants is the first character of the name 'Samar' while the word "el" being part of the word "Lal" meaning thereby "Samar Lals".

7. It was held that apart from the failure of the defendants to file reply to the domain notice and the Explanation given by the Chairman of the Defendants i.e. Essel Ta Exports Ltd. for deriving the word "ESSEL" is not an Explanation which is worth indicative of the fact that the word "ESSEL" was honestly and bonafidely adopted by the defendants.

8. In the instant case, the Explanation of the defendant is almost on the same pedestal namely the word ESSEL being the initial words of the Managing Partner and his wife (Srinivasarao and Laxmikantam).

9. Another identical case relied upon is Montari Overseas Ltd. v. Montari Industries Ltd. **1996 PTC (16)** wherein Explanation of the respondent in adopting the word 'MONTARI' as part of its incorporated name was that the word was coined by the respondent by deriving a part of it from the name of he Chairman of he company and part of it from the name of his wife. On the contrary, the appellant explained that the word 'MONTARI' is of significance as the same was derived from the names of the father of the Managing Director of the company and his father-in-law. However, the Explanation of the appellant was found to be unsatisfactory as the defendant failed to show the purpose of selecting the word 'MONTARI' and it was held that when a defendant does business under a name which is sufficiently close to the name under which the plaintiff is trading and that name has acquired reputation, the public at large is likely to be misled that the defendant's business is the business of the plaintiff or is a branch or department of the plaintiff, the defendant is liable for an action in passing off.

10. Reliance was also placed on Kirloskar Diesel Recon.(P) Ltd. and Ors.v. Kirloskar Proprietary Ltd. and Ors. **1997 PTC (17)** wherein injunction was sought against using the word 'Kirloskar'. The defense raised was firstly that the plaintiff is not registered owner of trade mark or the trade name 'Kirloskar' and, Therefore, has not acquired proprietary right and secondly the plaintiff has not obtained from the defendants permission to use the trade mark 'Kirloskar' and thirdly that the plaintiff itself admitted that as many as 27 companies while using the name 'Kirloskar' are not the members of the plaintiff's so called kirloskar group of companies and that the name of the defendant has been allowed under the provisions of the Companies Act, 1956 after following the requisite procedure and lastly that there was no connection between activities of the plaintiff and the defendants i.e. there was no common field of activity and as such the plaintiff is not entitled to seek injunction against use of the trade name 'Kirloskar'.

11. It was held 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 off 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

manupatras 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. It was further observed that if the defendant's business activities are allowed to be carried out in the name of Kirloskar Diesel Recon Pvt. Ltd. because in the case of trading name a variety of activities are undertaken a passing off action can successfully lie as the defendant has adopted identical or similar trading name.

12. As regards the plea that there are more than 40 companies with the trade name ESSEL registered with the Registrar of Companies in India and apart from these companies there are large number of other proprietorship concerns carrying on business with the name of ESSEL, it is contended by Mr. Nayar that mere use by the other of word or mark ESSEL in no way gives the right to the defendant to use the mark ESSEL as the plaintiff is prior user and is owner of the said mark and it is the right of the plaintiff to use the word ESSEL, as have been juridically recognised by the Bombay High Court.

13. In support of this proposition where almost a similar plea was taken Mr. Nayar has relied upon Mahindra & Mahindra Ltd. Paper Mills Ltd. v. Mahindra & Mahindra Ltd. 2002 PTC 24121 The plaintiff took the plea that the name Mahindra and Mahindra is a household name with a certain standard of goods and service and, Therefore, any attempt by another person to use the name in business and trade circle is not only likely to but in all probability will create an impression of a connection with the plaintiff group of companies. Such use may also effect the plaintiff prejudicially in its business and trading activities. On the other hand, the defendant took the plea that the trade mark Mahindra and Mahindra has not become identical with the name of the plaintiff company nor has it acquired a secondary name.

14. It was held that any attempt to use the name of the business that has acquired the secondary meaning in the business circles is likely to and will create an impression of a connection with the plaintiff group of company. Such use may also effect the plaintiff prejudicially in its business and trade activities. These observations were made only with regard to interim injunction as the question whether the plaintiff's claim of passing off action against the defendants will be accepted or not was to be decided by the Court on merits.

15. At the very outset, Mr.C.Mohan Rao, learned counsel for the defendant has assailed the claim of the plaintiff that the word ESSEL is a coined word and was coined in the year 1987. According to Mr. Rao, there were several companies that existed prior to 1987 and one such company belonged to Birla Group. List of two such companies has been filed who have been carrying on the business under the name ESSEL since 1950 and 1963. Mr. Rao has also annexed a list of 40 such other companies registered with the Registrar of Companies. As regards the domain name Mr. Rao has also annexed a list of about 85 website having the domain name ESSEL.

16. In view of the aforesaid facts. Mr. Rao has contended that neither the word ESSEL is identifiable with the plaintiff nor has it become house hold word of the plaintiff., nor has it acquired secondary name or meaning. As regards the contention that the word ESSEL belongs to the plaintiff has been judicially recognised by the Bombay High Court in ESSEL Packing Limited's case it is pointed out that it was a case of an ex part injunction wherein only contentions of the plaintiff were recorded and after accepting the contentions, injunction was granted and there was no finding of fact that the word ESSEL has been coined by the plaintiff or that this word has acquired secondary meaning. In this regard, Mr. Rao has referred to the observations of the Bombay High Court in paragraph 9 which are as under:-

"9. 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 Indian and also abroad, exclusively with the plaintiffs. The word "ESSEL" forms apart 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 plaintiff's Group companies. Because of the popular amusement part "ESSEL" WORD" 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 p plaintiffs have also annexed

a statement showing the turn over of the ESSEL group of industries for the last five years. 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 ante connotes reference to the plaintiffs and the ESSEL Group of Concerns alone. There is a very close inter connection and or association among the plaintiffs inter se. As stated hereinabove, one of the plaintiffs' Group of Companies are the business of ex-ported tea. In the above circumstances, the plaintiffs have file the suit seeking the above prayers."

17. Let us test the case on the principles laid down in aforesaid authorities. To become entitled for interlocutory injunction, the plaintiff has to first establish prima facie case, secondly to show that balance of convenience lies in his favor and thirdly that he will suffer irreparable loss and injury if adversary is not enjoined.

18. As is apparent in Essel Packaging Ltd.'s case no such contention or disputes were raised as has been raised by the present defendants having the domain name ESSEL. Whenever the parties are before the Court, findings are required to be returned in relation to the contentions and counter contentions and if some order of injunction is passed ex parte, it does not attain finality either in terms of the contentions of the plaintiff, or for any other purpose. Unless and until the contentions or the objections are decided on merits, the order does not acquire the finality for the purpose of taking judicial notice of the observations of the Court. The order shows that the points or the contention raised by the defendants were neither before the Court nor were dealt with or considered and Therefore any observation made by the Bombay High Court has neither acquired finality nor can this Court take judicial notice of the fact that word ESSEL has been held to be the sole proprietorship of the plaintiff.

19. The question whether the plaintiff can be denied the relief of interim or interlocutory injunction merely because it has not taken the proceedings against some other web site or domain name, came up for consideration in Info Edge(India) Pvt. Ltd. v. Shailesh Gupta and Anr. 2002 (24) Del 355 . It was held where there is neither any occasion nor is there any immediate necessity for the plaintiff to proceed against those web-sites/domain names, which are non-functional and non-relatable to the activity of the plaintiff, the plaintiff cannot be denied relief of an injunction because it has not proceeded against other similar names. As a matter of fact, when action is initiated, one similar domain name has to be always the first and that cannot be the reason for denying injunction to the plaintiff.

20. In the instant case out of 50 website 48 websites are the plaintiff.

21. Prima facie the Explanation of the plaintiff that the word ESSEL was coined by it appears to be plausible. Merely because 40-50 years ago some company by the name of ESSEL was floated but it remained inoperative for such a long time does not mean that the plaintiff did not coin the word ESSEL from the first names of the brothers or that it was precluded from using this name. Had the Birla Company who supposedly started the business some time in the 50's under the name ESSEL did not object to the use of the word ESSEL by the plaintiff for such a long time and the company by the name of ESSEL of Birla has not been in operation itself shows that the plaintiff is the prior, long and continuous user. Moreover out of 50 websites under the name of ESSEL, 48 websites belong to him.

22. Merely because some other parties or persons are using the name ESSEL does not provide a justification to the defendants for using the said name as the plaintiff has been using this name much prior to the adoption of this name by the defendants and its widespread use of this name shows that this word has become synonymous with the business of the plaintiff and its group companies.

23. Unauthorised or uncommented use by any other party is not defense. In such circumstances the plaintiff has exclusive right to use the word ESSEL which is neither a descriptive word nor a generic term nor does it have a dictionary meaning. The stand of the defendant is self-defeating and self-contradictory. On the one hand the defendant has admitted the plea that the word ESSEL is being used by large number of companies and persons in relation to various traders and, Therefore, is not the exclusive property of the plaintiff while on the other hand it has given the Explanation that it has adopted this word by using the first letters of the name of its Managing Director and his wife. The coinage of this word by the plaintiff is the use of first letters of the same of the brothers. In such a case it is the prior continuous and long user of the word which has the exclusive right over the use of the said word. Such a user provides the synonymity with the business of the plaintiff and its group companies and, Therefore, no third party has a right to use the word ESSEL without its prior consent or license.

24. Merely because a party gets a registration of a domain name does not mean that it also acquires proprietary rights over the same. Registration of domain name does not involve any process of enquiry. Its registration in bad faith is itself a ground for injunction. The defendants have not come out clearly as to with what object they adopted this name particularly when this name was in prior and widespread use by the plaintiff. In such circumstances the only inference and object to choose this name was to cash or trade upon the reputation and goodwill of the plaintiff. Use of this word by any third person is bound to create confusion as to its source and origin which has also the effect of diluting it. Merely because the website of the plaintiff

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can be hit by means of a search engine on the net does not mean that it has no element of deception. Any intelligent or illiterate person is bound to get confused from the very name of ESSEL much less a gullible net surfer.

25. To say that the registering authority of the domain name does not register name as a matter of policy which resembles with that of another company is not a defense against the injunction. It is the use of a name of the plaintiff by the defendant which is of great significance. It is immaterial whether the said name is being used in respect of goods other than those manufactured or sold by the plaintiffs. The only object of pirating any other persons' name or mark which has acquired widespread reputation and goodwill is to take unfair and undue advantage of its reputation.

26. The objection that mark ESSEL is not a registered trademark and therefore the plaintiff is barred from filing the suit is frivolous and highly misplaced. Such an objection is available if a party seeks action against infringement of the trademark. So far as action for passing off is concerned the non-registration of a trade mark is of no consequence at all.

27. It is apparent that any user on the internet who wants to reach the site of the plaintiff would normally type the word ESSEL in the search engine. The moment the word ESSEL is typed the said user would be taken to a list of websites containing the word ESSEL. In such an eventuality the user is likely to be confused as to which are the sites connected or associated with the plaintiff and there is a strong possibility of even a potential user to land on the defendants' site under the mistaken belief that the same is either floated by or associated with the plaintiff. This is nothing but riding upon the goodwill and popularity of a prior user of the mark.

28. The plaintiff has succeeded in establishing prima facie case that the mark or name ESSEL is a coined word and has been used by it continuously and extensively since 1982 in India as well as abroad in respect of wide ranging business interests. Thus any use by the defendants of the word ESSEL in conjunction with any other word is likely to cause confusion to the general public as to its association with the plaintiff. Not only the balance of convenience lies in favor of the plaintiff but it would also suffer irreparable loss and injury if defendant is not enjoined.

29. In the result the application of the defendant under Order 39 Rule 4 CPC is dismissed and the application of the plaintiff under Order 39 Rule 1 & 2 is allowed. Ex parte injunction restraining the defendants including defendant No. 3 is confirmed and made absolute.