

Crayons Advertising Ltd Vs. Crayon Advertising

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Court : Delhi

Decided On : Jan-17-2014

Judge : Jayant Nath

Appellant : Crayons Advertising Ltd

Respondent : Crayon Advertising

Judgement :

\$~ * IN THE HIGH COURT OF DELHI AT NEW DELHI + IA No.11898/2013 in CS(OS) 1489/2013 Judgment Reserved on :10.09.2013 Judgment Pronounced on:

17. 01.2014 CRAYONS ADVERTISING LTD Plaintiff Through Mr. Jayant Mehta, Ms.Roopaa Dayal, Mr. Saeed Hussain and Mr. Anuj Kapoor, Advocate versus CRAYON ADVERTISING Through Defendant Mrs. Anuradha Salhotra, Ms.Aakanksha Sekhon and Mr. Diwakar S. Pundir, Advocate CORAM: HON'BLE MR. JUSTICE JAYANT NATH JAYANT NATH, J.

IA No.11898/2013 (u/O39R1& 2 CPC) 1. This is an application under Order 39 Rule 1 and 2 CPC seeking ex parte interim injunction to restrain the defendant from using the domain name www.crayonadv.com or any other name which is similar to the plaintiffs domain name www.crayonad.com.

2. Plaintiff has filed the accompanying Suit seeking a decree of permanent and mandatory injunction against the defendant from using the name Crayon

Advertising or the domain name www.crayonadv.com and other reliefs. The plaintiff has in the accompanying plaint averred that the plaintiff had adopted and has continuously and uninterruptedly been using the name and mark CRAYONS as a name and an integral part of its advertising business since the year 1986. It is averred that with the efforts of the plaintiff the said mark has become a prominent, essential and inalienable part of the plaintiffs business. On 27.12.1997, the plaintiff got registered the domain name www.crayonad.com as the plaintiffs website for promoting its business with mark RAYONS. It is averred that the mark CRAYONS is synonymous with the plaintiff. The plaintiffs company name is CRAYONS ADVERTISING LTD. and it is in the field of Advertising. In 2009 the plaintiff has applied for registration of the said mark under Class 35 of the Trade Mark Act, 1999 claiming user since 1986. The application was advertised in 2010. It is averred that the plaintiff is the first and prior adopter and user and has the sole exclusive right to use and own the said mark CRAYONS. It is averred that the services provided by the plaintiff under the said mark are widely and regularly advertised and promoted through its website and other media. Plaintiff is also stated to have seven branch offices in different cities and is also recognized and is also placed on the panel of some various well known companies/corporations. The details of the plaintiffs turnover for the year 1987-2013 are stated in paragraph 8 of the Plaint. It is averred that in 1987 the plaintiff had a turnover of Rs.17.97 lacs whereas in 2013 the turnover is of Rs.18780.49 lacs. It is stated that the plaintiff has invested huge amount of money and resources on brand building and the mark CRAYONS has become a prominent, inalienable, important and essential part of the plaintiffs name and business 3. It is further stated that defendant is a proprietorship firm which is run and managed by Mr.Vineet Arora under the name and style of Crayon Advertising. It is stated that the plaintiff recently learnt that the defendant is engaged in the business of providing similar services as that of the plaintiffs. It is stated that the defendants in reply to the legal notice stated that the firm Crayons Advertising was formed by Mr.Vineet Arora in 1993. It is stated that the defendant also got registered its domain name www.crayonadv.com on 19.6.2004 (which is stated to be much later than plaintiffs domain name www.crayonad.com which was registered on 27.12.1997). The said domain name resembles that of the plaintiff and is different only by the incorporation of the letter

v. It is stated that as the domain name of the defendant was created much later than that of the plaintiff, the same being substantially similar to the plaintiffs domain name is bound to cause and create confusion, misconception and deception and is further likely to cause enormous damage and harm to the plaintiffs reputation and business.

4. Hence, it is averred that the plaintiff is a prior adopter and user of the mark CRAYONS for its business and website. The business has established and expanded over the years and the plaintiff is stated to be one of the reputed players in the advertising industry. It is averred that the plaintiff adopted and has been continuously and uninterruptedly using the name and mark CRAYONS. The word and name CRAYONS, it is stated has become a prominent, essential and unalienable part of the plaintiffs business. The said mark and name are synonyms with the plaintiff. The defendant is a later entrant and mischievously adopted the mark CRAYONS in order to create deception and misconception.

5. The plaintiff after coming to know about the defendants firm and its website, got issued a legal notice to the defendant through its advocates, vide notice dated 26.4.2013 and 6.5.2013. It is stated that despite service of notice defendant has neither stopped using the word CRAYONS as part of its organizations name nor has it withdrawn its website or domain name. A reply was received by the defendant on 17.5.2013 where it is stated that defendant is using the word/mark CRAYONS since 1985. It is urged that the contention is incorrect.

6. By the present application it is urged that for the time being the defendant be restrained from using the said domain name.

7. Defendant has filed a reply to the present application. In their reply it is stated that the business of the defendant started in 1985 when the defendant adopted the trading style Crayon Advertising. It is averred that CRAYON is a common dictionary word understood in common parlance as a stick of colored wax used for creating images and/or drawing, and an instrument of creativity. It is further admitted that the defendant has not retained any documentary evidence pertaining to use of the trading style CRAYON ADVERTISING for the period 1985 to 1993. However, from 1993 onwards documents to the said effect are available. It is

further averred that defendant also incorporated a company Crayon Retail Pvt. Ltd.in 1995. It is admitted that the domain name www.crayonadv.com was registered in the year 2004. It is stated that the domain name has been continuously in use since that date.

8. It is further averred that the plaintiff is an agency that works on empanelment basis with any organization, company or any other entity and helps them create/build a brand, by providing marketing strategies and helping/assisting them to reach out to mass audiences via print media. On the other hand, defendant does not strategize in how to build a brand rather it is only engaged in designing, fabricating and manufacturing products for their clients as per their specific needs/requirements. The products of the defendant mostly comprise of retail fixtures and displays, signages etc. There is striking difference between the plaintiffs and defendants services. It is further stated that the defendant has over the years developed an enviable list of clients. It is denied that the use of the name Crayons Advertising and domain name www.crayonadv.com by the defendant constitutes passing off of the plaintiffs companys name and domain name or/and is likely to cause and create confusion, misconception and deception etc. in view of the difference in the work nature of the parties.

9. It is further stated that the domain name of the plaintiff and defendant has co-existed since the 2004 without there being a single instance of confusion or deception. The trading styles have also coexisted since the year 1986 without any confusion or deception. It is also averred that there is delay on the part of the plaintiff in seeking relief. It is further urged that there can be no confusion or deception as the areas of operation of the plaintiff and defendant are distinct and separate. It is also stressed that the trademark CRAYONis not registered in the name of the plaintiff and there is only an application for registration of the same. Hence, it is stated that the present application is liable to be dismissed as there is no irreparable harm and injury being suffered by the applicant/plaintiff.

10. Learned counsel appearing for the plaintiff has strenuously urged that today there are no walk-in customers available in the industry. Most of the operations are done through the net. Customers would normally approach only on the net. The

deceptively similar domain name adopted by the defendant creates huge amount of confusion to the customers and clients.

11. Reliance is placed on the certificate of incorporation of the plaintiff company which shows that the same was incorporated in 1986 using the word Crayon Advertising and Marketing Private Limited. Reliance is also placed on various empanelment letters which are placed on record. The entire documentation is placed on record to show the business of the plaintiff. The annual turnover of the plaintiff is relied upon and it is urged that in 2009 the annual turnover was 133 crores. It is further strenuously urged that for the time being the plaintiff only seeks an injunction order to restrain the defendant from using the domain name www.crayonadv.com inasmuch as the said domain name creates confusion in the eyes of the clients. Any customer/client trying to contact the plaintiff on the net is likely to end up contacting the defendant on account of the striking similarity in the domain name of the defendant with that of the plaintiff. It is stated that the said domain name has been deliberately created in 2004 by the defendant whereas the website of the plaintiff was created in 1997. It is further urged that though defendant claims to have started using the word CRAYONS since 1985 admittedly the first document filed is that of 1994.

12. Learned counsel for the plaintiff has relied upon various judgments of the Honble Supreme Court and this Court, namely, .Midas Hygiene Industries (P) Ltd. versus Sudhir Bhatai and Others, (2004) 3 SCC90. Heinz Italia and Another versus Dabur India Ltd. (2007) 6 SCC1 Cable News Network LP.LLP (CNN) versus Cam News Network Limited, (2008) 36 PTC255(Del.); and. Hindustan Pencils Pvt. Ltd. versus India Stationary Products Co. and Another, (1989) PTC61 to contend that mere delay in filing the present application and the Suit would not defeat the rights of the plaintiff inasmuch as it is settled law that the defence of delay and laches simplicitor is not sufficient to bar relief of injunction in an action for infringement of trademark and passing off. He has also relied upon Hindustan Pencils Pvt. Ltd. versus India Stationary Products Co. and another (supra) to contend that where there is honest concurrent user by the defendant then inordinate delay or laches will still not defeat the relief of injunction. He has relied upon the judgment of the Bombay High Court in the case of SIA Gems and Jewellery Pvt. LTd. versus SIA

Fashion, AIR2004 Bom 10 to contend that existence of a common field of activity of the plaintiffs and defendants is not a condition precedent for the grant of an injunction against passing off. Reliance is also placed on the judgment of the Division Bench of this High Court in the case of Century Traders versus Roshan Lal Duggar & Co., 15 DLT (1979) 269 to contend that the proof of actual damage or fraud is unnecessary in an action of passing off. If there is likelihood of the offending trademark invading the property right a case of injunction is made out.

13. Learned counsel for the defendant has on the other hand submitted that the plaintiff has not filed documents to show that they have started work in 1985. It is also stressed that the work of the plaintiff and defendant is entirely different. Whereas the products of the defendant are stated to be comprising of retail fixtures and displays, signages etc. the plaintiff is not in this field. It is stated that there is no proof given of advertisement of their name and hence there is nothing to show that defendant was aware about the name of the plaintiff and deliberately and mischievously sought to introduce the name which is similar to that of the plaintiff. The word CRAYON being a generic word there is no passing off involved. It is pointed out that though the nature of work of the plaintiff is such that though they may have a turn over of Rs.165 crores the profits are only in the range of Rs.5 crores. It is further stated that there is no dishonest intention. The name of the defendant firm is CRAYONS and that is why the domain name was www.crayonadv.com is being used and that this has been used for the last nine years and hence there are no grounds made out for stay.

14. Learned counsel for the defendant has relied upon a judgment of this Court in the case of The Gillette Company and Others versus A.K.Stationery and Others, 2001 PTC513(Del) where it was held that in a Suit for action of passing off, delay in institution of the Suit may not be fatal but it is one of the important and relevant considerations before granting interlocutory injunction. Reliance is also placed on Goenka Institute of Education & Research versus Anjani Kumar Goenka & Anr., 2009 (40) PTC393(Del.) (DB) to contend that the issue of balance of convenience is of prime importance inasmuch as when considering grant of injunction, the corresponding need of the defendant to be protected against injury resulting from the injunctions preventing the defendant from exercise of legal rights which cannot

be adequately compensated must also be kept in mind. Reliance is also placed on *Alkem Laboratories Ltd. versus Mega International (P) Ltd.*, 2007(34) PTC557 to contend that where there is honest concurrent user by the parties it cannot be said that the defendant has passed off its products as that of the plaintiff.

15. I have heard learned counsel for the parties.

16. The plaintiff has successfully shown that the plaintiff company Crayon Advertising and Marketing Private Limited was incorporated on 3.7.1986. It has placed on record various empanelments of its advertising agency starting from March 1996. The annual turnover of the plaintiff has also been placed on record. In 1987 the annual turnover has been shown to be Rs.17,97,413/-. In 2009 this has jumped upto 133 crores. The balance sheet for the year ending on 31.3.2012 has been placed on record which shows the sales figure of Rs.169 crores. There is no dispute that the domain name of the plaintiff was created on 27.12.1997. The contention of the learned counsel for the defendant that the plaintiff has not filed documents to show that they have started work from 1985 cannot be accepted. The unrebutted abstract of the balance-sheet placed on record would show that the plaintiff has started business at least since 1987. In contrast, admittedly, the defendant does not have any proof to show that it started its business before 1993.

17. Further, a perusal of the reply filed by the defendant shows that there is no mention of the turnover of the defendant. However, the documents copies of audited balancesheets have been filed. The last balancesheet is for the year ending on 31.3.2011 which shows total sales of about Rs.5.5 crores. The admitted position further is that the defendant claims to have started functioning in 1985 as a proprietorship concern adopting the trading style Crayon Advertising, but it has no evidence to show functioning using the trading style Crayon Advertising for the period till 1993. The further admitted position is that the domain name of the defendant www.crayonadv.com was registered in 2004.

18. The settled legal position is that normally in order to succeed in a passing off matter what has to be established is the user of a mark prior in point of time than the impugned user by the respondents. This Court in the case of *Century Traders*

versus Roshan Lal Duggar & Co. (supra) in paragraphs 14 held as follows:

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 passing off. The above observations were also approved by the Single Judge in the case of *Globe Super Parts vs. Blue Super Flame Industries and Anr.*, (1986) PTC235 where in para 78 this Court held as follows:

78. In connection with the concept prior user the counsel for the plaintiff has cited a number of cases, which deal with the rights conferred upon the first user of any mark. Amongst others, the cases cited are AIR1978 Delhi 250, *Century Traders v. Roshan Lal Duggar & Co.* In that case, a Division Bench of this Court referred to ILR (1976) 1 Delhi 278, *L.D. Malhotra Industries v. Ropi Industries*. The Division Bench held that in order to succeed in a passing off matter, what has to be established, is the user of a mark, prior in point of time than the impugned user by the respondents. The Division Bench approved the statement in ILR (1976) 1 Delhi 278 to the effect; a trader acquires a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and the extent of his trade. The trader who adopts such a mark is entitled to protection directly, the article having assumed a vendible character is launched upon the market. The registration under the statutes does not confer any new right to the Mark, claimed or greater right than what already existed at common law and at equity without registration. The Single Judge of this Court had adopted, what is stated above, from a judgment of the Bombay High Court reported as AIR1965 Bom. 35; *Consolidated Foods Corporation v. Brandan & Co. Pvt. Ltd.* I may, however, add that the length of the user is relevant only when it is to be seen whether secondary significance has been acquired by a common language word.

19. Reference may also be had to the judgment cited by the learned counsel for the defendant in the case of *Alkem Laboratories Ltd. vs. Mega International (P) Ltd.* (supra) where this Court held as follows:

There is no dispute in the proposition that in an action for passing off it is the prior user and not registration which is the relevant test.

20. It is but obvious that the mark CRAYON and the domain name being used by the defendant is prior to in time. The incorporation of the plaintiff using the mark CRAYON is also prior to in time. The trade name and domain name of the defendant is almost akin to that of the plaintiff and has been put in use much after the user by the plaintiff. The plaintiff has prima facie established user of the trade mark and domain name prior to in time then the impugned trade mark and domain name of the defendant. The evidence placed on record by the plaintiff, namely, i.e. of its turnover since 1987, the various empanelment letters show that the plaintiffs have prima facie acquired a proprietary right in the distinct trade name by the length and extent of user and that the plaintiff is entitled to protection from misuse of the said rights/domain name.

21. The defendant has broadly made three submissions i.e. firstly that there is inordinate delay in filing of the Suit inasmuch as it is stated that the domain name of the defendant has been in existence for 10 years without any objection or even a single instance of confusion. Hence, it is averred that the plaintiff cannot claim to injunct the defendant from using the said domain name after such a long lapse of time. Secondly, it is averred that the business of the parties is in a totally different sphere inasmuch as it is stated that the plaintiff books spots and conceptualizes for its clients whereas the defendant manufactures and executes advertising concepts. Hence, it is stated that the fields being different there can be no question of any confusion being created. Thirdly, it is urged that the adoption of the domain name by the defendant cannot be said to be dishonest. The parties have been using their respective domain names for nearly 10 years without any confusion.

22. The legal position on delay may be seen. Reference may be had to the judgment of the Honble Supreme Court in the case of Midas Hygiene Industries (P) Ltd. versus Sudhir Bhatai and Others, (supra) where in paragraph 5 the Honble Supreme Court held as follows:

5. The law on the subject is well settled. In cases of infringement either of Trade Mark or of Copyright, normally an injunction must follow. Mere delay in bringing action is not sufficient to defeat grant of injunction in such cases. The grant of injunction also becomes necessary if it prima facie appears that the adoption of the Mark was itself dishonest.

23. Similarly, in the case of Heinz Italia and Another versus Dabur India Ltd.(supra) this Court in paragraph 16 started as follows:

16. Likewise, it has been repeatedly held that before the use of a particular mark can be appropriated it is for the plaintiff to prove that the product that he is representing had earned a reputation in the market and that this reputation had been sought to be violated by the opposite party.

This Court in the case of Cable News Network LP.LLP (CNN) versus Cam News Network Limited (supra), in paragraphs 25 and 26 held as follows:

25.Mere failure to sue, without some positive act of encouragement, is not in general enough to give a defense. A defendant who infringes knowing of the plaintiff's mark can hardly complain if he is not later sued upon it, nor is a defendant who starts to infringe without searching the Register of Trade Marks in any better position than if he had searched and so learned of the plaintiff's mark. Acts of the proprietor done in ignorance of the infringement, or even done without his own registration in mind, will not amount to acquiescence. A defense of estoppel by acquiescence is to be distinguished from a defense that by delay the mark has become publici juris.

26.It is trite that the onus is on the defendant to show that there has been prejudice caused by reason of the delay and that it would be unfair to restrain the latter from carrying out its activities. Learned Counsel for the defendant has vehemently argued that the present action, besides being malicious, misconceived and not tenable in law, is actuated by delay, laches and acquiescence, as a result of which no relief, interim or final, can be granted to the plaintiff.

24. Similarly, this Court in the case of Hindustan Pencils Pvt. Ltd. versus India Stationary Products Co. and another (supra) in paragraph 29 held as follows:

29. It would appear to be difficult to accept that relief of temporary injunction should not be granted, because of the delay on the part of the plaintiff, even though the court feels, at that point of time, that, ultimately permanent injunction will have to be granted.

25. In view of the above the legal position what follows is that delay per se would not suffice to deny relief to the plaintiff. Hence, there is no merit in the said contention of the defendant that on account of delay the plaintiff would not be entitled to interim relief. No fact had been brought on record to show that any prejudice would be caused to the defendant on account of delay in approaching this Court by the plaintiff. For the present no relief is being sought regarding the trading name used by the defendant.

26. The next contention of the defendant, namely, that the field of work of the parties are different and hence the chance of any confusion arising to the customer does not exist is also a contention without merits. Reference may be had to the judgment of the Bombay High Court in the case of Sia Gems and Jewellery Pvt. Ltd. versus SIA Fashion (supra), where in paragraph 7 the Court held as follows:

7. The next contention raised on behalf of the Defendants is that the defendants are not in the same field. According to the Defendants their goods are not in the common field of activities; and their goods i.e. sarees and dress materials are not in the same field as those of the Plaintiffs which are costume jewellery. There is no doubt that the existence of a common field of activity of the Plaintiffs and the Defendants is not a condition precedent for the grant of an injunction against the passing off. There may be cases where an attempt is made to pass off even if the Defendant's goods are not in the common field of activities. As observed by this Court in Kirloskar Diesel Recon Pvt. Ltd. and Anr. v. Kirloskar Proprietary Ltd. and Ors., MANU/MH/0033/1996 : AIR1996 Bom 149 , with the passage of time, law on the requirement of a common field of activity in a passing off action has radically changed. There is no requirement of common field of activity as a necessary

foundation of a claim in passing off. This Court further relied on the case of *Mirage Studios v. Counter Feat Clothing Co. Ltd.*, (1991) FSR145 and observed that the real question in each case is whether there is as a result of misrepresentation a real likelihood of confusion or deception of the public and consequent damage to the plaintiff. The focus has shifted from the external objective test of making a comparison of the activities of parties to the state of mind of the public in deciding whether it will be confused.

27. Hence, merely because the parties are in different fields cannot mean or imply that there can be no case of passing off. Even on facts it is noteworthy that both the parties are in the field of advertising. The domain name of the defendant as adopted closely resembles the said domain name of the plaintiff and there is real likelihood of confusion or deception of the public and consequent damage to the plaintiff.

28. The next submission of the defendant is that it has continuously adopted the said domain name and that the two concurrently existed and the adoption was honest. This submission cannot be accepted. The said plea of the defendant is a bald plea. There is no attempt to show as to how the defendant chose the impugned domain name which is almost similar to that of the plaintiff.

29. Reference may also be had to the judgment of this Court in the case of *Century Traders vs. Roshan Lal Duggar & Co.* (supra) where in para 19 this Court held as follows:

19. Salmond in his *Law of torts* (Twelfth Edition) described the basis of passing off action in the following words : "The courts have wavered between two conceptions of a passing off action-as a remedy for the invasion of a quasi proprietary right in a trade name or trade mark, and as a remedy analogous to the action on the case for deceit, for invasion of the personal right not to be injured by fraudulent competition. It has recently been said that 'the true basis of the action is that the passing off.... injures the right of property in the plaintiff, that right of property being his right to the goodwill of his business'. In general the violation of a right to property is actionable, even though it is innocent and though no damage has been proved. At common law it was necessary to prove an 'actual fraudulent intention'

but a different view was taken in equity, and since the Judicature Acts it has been generally accepted that it is not necessary in an action for passing off to prove fraud that is to say, an intent to deceive. It is sufficient in all cases to prove that the practice complained of is calculated (that is to say, likely) to deceive."

In our view of the actual damage or fraud is unnecessary in a passing off action whether the relief asked for is injunction alone or injunction, accounts and damages. If there is a likelihood of the offending trade mark invading the proprietary right, a case for injunction is made out. We are fortified in coming to this conclusion by the observations in a bench decision of this court in *Prina Chemical Works and others v. Sukndayal and others*, ILR1974(1) Delhi, 545 (7).

Hence, actual fraud or damage is unnecessary is an action for passing off.

30. Reliance of the defendant on various judgments cited above is misconceived. In the case of *The Gillette Company and Others versus A.K.Stationery and Others*(supra) this Court held that delay in institution of the Suit and its effect for the purpose of ex parte restraint, delay may not be fatal in an action for passing off though it is a relevant consideration. Similarly, in the case of *Goenka Institute of Education & Research versus Anjani Kumar Goenka & Anr.* (supra) the Division Bench of this High Court on the facts of that case had taken a view that balance of convenience is in favour of the appellant. That was a case where irreparable injury was likely to be caused to the appellant if the stay had continued. In the case of *Alkem Laboratories Ltd. versus Mega International (P) Ltd.*, 2007(34) (supra) this Court on facts concluded that no instance of confusion between the products of the parties have been shown from any material on record. The cartons of the products of the plaintiff and defendant under the said trademark as well as the way in which the mark that has been written on the said carton was found to be distinct from each other. The Court also concluded that the plaintiff and defendants are concurrent users of the mark GEMCAL in as much that the user of the two was separated only by two months.

31. In view of the above, the plaintiff has made out a prima facie case. The balance of convenience is also in favour of the plaintiff inasmuch continued use of the domain name by the defendant is causing irreparable loss and injury to the

plaintiff. In case injunction is not granted irreparable injury is likely to be caused to the plaintiff, given the striking similarity in the domain name adopted by the defendant.

32. Accordingly, ad interim injunction is passed restraining the defendant from using the domain name www.crayonadv.com or any other domain name deceptively similar to that of the plaintiff, till the pendency of the present Suit. To enable the defendant to take steps to change its domain name, this stay order will be effective after 15 days from today. Application stands disposed of. CS(OS) 1489/2013 List before the Joint Registrar on 18.02.2014. JAYANT NATH, J.

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