

Satyam Infoway Ltd vs Siffynet Solutions Pvt. Ltd (2004)

Satyam Infoway Ltd vs Siffynet Solutions Pvt. Ltd on 6 May, [2004 Supp(2) SCR 465

JUDGMENT delivered by RUMA PAL, J. : Leave granted. (Supreme Court of India)

The principal question raised in this appeal is whether internet domain names are subject to the legal norms applicable to other intellectual properties such as trade marks? **The appellant which was incorporated in 1995 registered several domain names like [www.sifynet](#), [www.sifymall.com](#), [www.sifyrealestate.com](#) etc.** in June 1999 with the internationally recognised Registrars, viz the internet Corporation for Assigned Names and Numbers (ICANN) and the World Intellectual Property Organisation (WIPO). The word 'Sify' is a coined word which the appellant claims to have invented by using elements of its corporate name, Satyam Infoway. The appellant claims a wide reputation and goodwill in the name 'Sify'.

The respondent started carrying on business of internet marketing under the domain names, [www.siffynet.net](#) and [www.sijfynet.com](#) from 5th June 2001. The respondent claims to have obtained registration of its two domain names with ICANN on 5th June, 2001 and 16th March, 2002 respectively.

Coming to know of the use of the word 'Siffy' as part of the respondent's corporate and domain name, the appellant served notice on the respondent to cease and desist from either carrying on business in the name of Siffynet Solutions (P) Ltd. or Siffynet Corporation and to transfer the domain names to the appellant. The respondent refused. The appellant filed a suit in the City Civil Court against the respondent on the basis that the respondent was passing off its business and services by using the appellant's business name and domain name. An application for temporary injunction was also filed. The City Civil Court Judge allowed the application for temporary injunction on the grounds that the appellant was the prior user of the trade name 'Sify', that it had earned good reputation in connection with the internet and computer services under the name 'Sify', that the respondent's domain names were similar to the domain name of the appellant and that confusion would be caused in the mind of the general public by such deceptive similarity. It was also found that the balance of convenience was in favour of granting an injunction in favour of the appellant.

The respondent preferred an appeal before the High Court. An interim stay of the City Civil Judge's judgment was granted. The appeal was ultimately allowed by the High Court. This order is the subject matter of challenge in this appeal. In allowing the appeal, the High Court was of the view that merely because the appellant had started the business first, no order could have been granted in its favour without considering where the balance of convenience lay. It was held that the finding that the appellant had earned a reputation and goodwill in respect of the domain name 'Sify' was not based on a consideration of the necessary factors. On the other hand, the documents on record showed that the respondent was doing business other than that done by the appellant and since there was no similarity between the two businesses, there was no question of customers being misled or misguided or getting confused. It was held that the respondent had invested a large amount in establishing its business and that it had enrolled about 50,000 members already. It was held that the respondent would be put to great hardship and inconvenience and also irreparable injury in case the injunction order was granted. On the other hand, since the appellant had a separate trade name, namely, Satyam Infoways, no injury or hardship would be caused to the appellant if the order of injunction was not granted.

From the narration of these facts, it is clear that both the Courts below had proceeded on the basis that the principles relating to passing off actions in connection with trademarks are applicable to domain names. However, the respondent has contended that a Domain Name could not be confused with "property names" such as Trade Marks. According to the respondent, a domain name is merely an address on the internet. It was also submitted that registration of a domain name with ICANN did not confer any intellectual property right; that it is a contract with a registration authority allowing communication to reach the owner's computer via internet links channelled through the registration authority's server and that it is akin to registration of a company name which is a unique identifier of a company but of itself confers no intellectual property rights.

A "trade mark" has been defined in section 2(zb) of the Trade Marks Act, 1999 (hereafter referred to as "the Act") as meaning : "trade mark 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".

Therefore a distinctive mark in respect of goods or services is a 'Trade mark'.

A "mark" has been defined in Section 2(m) as including "a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof and a 'name' includes any abbreviation of a name (S.2(k)).

"Goods" have been defined in Section 2(j) as meaning "anything" which is the subject of trade or manufacture, and "Services" has been defined in section 2(z) as meaning :

"service of any description which is made available to potential users and includes the provision of services in connection with

business of any industrial or commercial matters such as banking, communication, education, financing, insurance, chit funds, real estate, transport, storage, material treatment, processing, supply of electrical or other energy, boarding, lodging, entertainment, amusement, construction, repair, conveying of news or information and advertising."

Analysing and cumulatively paraphrasing the relevant parts of the aforesaid definitions, the question which is apposite is whether a domain name can be said to be a word or name which is capable of distinguishing the subject of trade or service made available to potential users of the internet?

The original role of a domain name was no doubt to provide an address for computers on the internet. But the internet has development from a mere means of communication to a mode of carrying on commercial activity. With the increase of commercial activity on the internet, a domain name is also used as business identifier. Therefore, the domain name not only serves as an address for internet communication but also identifies the specific internet site. In the commercial field, each domain name owner provides information/services which are associated with such domain name. Thus domain name may pertain to provision of services within the meaning of Section 2(z). A domain name is easy to remember and use, and is chosen as an instrument of commercial enterprise not only because it facilitates the ability of consumers to navigate the Internet to find websites they are looking for, but also at the same time, services to identify and distinguish the business itself, or its goods or services, and to specify its corresponding online internet location. Consequently a domain name as an address must, of necessary, be peculiar and unique and where a domain name is used in connection with a business, the value of maintaining an exclusive identity becomes critical. "As more and more commercial enterprises trade or advertise their presence on the web, domain names have become more and more valuable and the potential for dispute is high. Whereas large number of trademarks containing the same name can comfortably co-exist because they are associated with different products, belong to business in different jurisdictions etc., the distinctive nature of the domain name providing global exclusivity is much sought after. The fact that many consumers searching of a particular site are likely, in the first place, to try and guess its domain name has further enhanced this value"². The answer to the question posed in the preceding paragraph is

1. Intellectual and the Internet-RODNEY D RYDER-Page 96 to 97.

2. See Information Technology Law Diane Rowland and Elizabeth Macdonald 2nd Edition p. 251. therefore an affirmative.

The next question is would the principles of trade mark law and in particular those relating to passing off apply? An action for passing off. as the phrase "passing off itself suggests, is to restrain the defendant from passing off its goods or services to the public as that of the plaintiff's. It is an action not only to preserve the reputation of the plaintiff but also to safeguard the public. The defendant must have sold its goods or offered its service in a manner which has deceived or would be likely to deceive the public into thinking that the defendant's goods or services are the plaintiff's. The action is normally available to the owner of a distinctive trademark and the person who, if the word or name is an invented one. invents and uses it. If two trade rivals claim to have individually invented the same mark, then the trader who is able to establish prior user will succeed. The question is, as has been aptly put, who gets these first? It is not essential for the plaintiff to prove long user to establish reputation in a passing off action. It would depend upon the volume of sales and extent of advertisement.

The second element that must be established by a plaintiff in a passing off action is misrepresentation by the defendant to the public. The word misrepresentation does not mean that the plaintiff has to prove any malafide intention on the part of the defendant.

Ofcourse, if the misrepresentation is intentional, it might lead to an inference that the reputation of the plaintiff is such that it is worth the defendant's while to cash in on it. An innocent misrepresentation would be relevant only on the question of the ultimate relief which would be granted to plaintiff. What has to be established is the likelihood of confusion in the minds of the public, (the word "public" being understood to mean actual or potential customers or users) that the goods or services offered by the defendant are the goods or the services of the plaintiff. In assessing the likelihood of such confusion the courts must allow for the "imperfect recollection of a person of ordinary memory"⁴ The third element of a passing off action is loss or the likelihood of it.

3 CADBURYSCHEWPPES v. PUB SQUASH (1981) RFC 429. ERVEN WARNINA v. TOWNEND. (1980) RFC 31.

4 ARISTOC v. RYSTA. (1945) AC 68.

The use of the same or similar domain name may lead to a diversion of users which could result from such users, mistakenly accessing one domain name instead of another. This may occur in e-commerce with its rapid progress and instant (and theoretically limitless) accessibility to users and potential customers and particularly so in areas of specific overlap. Ordinary consumers/users seeking to locate the functions available under one domain name may be confused if they accidentally arrived at a different but similar web site which offers no such services. Such users could well conclude that the first domain name owner had mis-represented its goods or services through its promotional activities and the first domain owner would thereby lose their custom. It is apparent therefore that a domain name may have all the characteristics of a trademark and could found an action for passing off.

Over the last few years the increased user of the internet has led to a proliferation of disputes resulting in litigation before different High Courts in this country. The Courts have consistently applied the law relating to passing off to domain name disputes. Some disputes were between the trademark holders and domain name owners. Some were between domain name owners themselves. These decisions namely *Rediff Communication Ltd. v. Cyberbooth and Anr.*, AIR (2000) Bombay 27, *Yahoo Inc. v. Akash Arora*, (1999) PTC 19 201, *Dr. Reddy's Laboratories Ltd. v. Manu Kosuri*, (2001) PTC 859 (Del.), *Tata Sons Ltd. v. Manu Kosuri*, (2001) PTC 432 (Del.), *Acqua Minerals Ltd. v. Pramod Borse & Anr.*, (2001) PTC 619 (Del.), and *info Edge (India) Pvt. Ltd. & Anr. v. Shailesh Gupta & Anr.*, (2002) 24 PTC 355 (Del.) correctly reflect the law as enunciated by us. No decision of any court in India has been shown to us which has taken a contrary view. The question formulated at the outset is therefore answered in the affirmative and the submission of the respondent is rejected.

However, there is a distinction between a trademark and a domain name which is not relevant to the nature of the right of an owner in connection with the domain name, but is material to the scope of the protection available to the right. The distinction lies in the manner in which the two operate. A trademark is protected by the laws of a country where such trademark may be registered. Consequently, a trade mark may have multiple registration in many countries throughout the world. On the other hand, since the internet allows for access without any geographical limitation, a domain name is potentially accessible irrespective of the geographical location of the consumers. The outcome of this potential for universal connectivity is not only that a domain name would require world wide exclusivity but also that national laws might be inadequate to effectively protect a domain name. The lacuna necessitated international regulation of the domain name system (DNS). This international regulation was effected through WIPO and ICANN. India is one of the 171 states of the world which are members of WIPO. WIPO was established as a vehicle for promoting the protection, dissemination and use of intellectual property through the world. Services provided by WIPO to its member states include the provision of a forum for the development and implementation of intellectual property policies internationally through treaties and other policy instruments.⁵ The outcome of consultation between ICANN and WIPO has resulted in the setting up not only of a system of registration of domain names with accredited Registrars but also the evolution of the Uniform Domain Name Disputes Resolution Policy (UDNDR Policy) by ICANN on 24th October 1999. As far as registration is concerned, it is provided on a first come first serve basis.

While registration with such Registrars may not have the same consequences as registration under the Trademark Act, 1999 nevertheless it at least evidences recognised user of a mark. Besides the UDNDR Policy is instructive as to the kind of rights which a domain name owner may have upon registration with ICANN accredited Registrars. In Rule 2 of the Policy, prior to application for registration of a domain name, the applicant is required to determine whether the domain name for which registration is sought "infringes or violates someone else's rights". A person may complain before administration-dispute-resolution service providers listed by ICANN under Rule 4(a) that :

- (i) a domain name is identical or confusingly similar to a trademark or service mark in which the complainant has Final Report of WIPO dt. 30.4.1999 rights; and
- (ii) the domain name owner/registrant has no right or legitimate interest in respect of the domain name; and
- (iii) a domain name has been registered and is being used in bad faith.

Rule 4(b) has listed by way of illustration the following four circumstances as evidence of registration and use of a domain name in bad faith.

- (i) circumstances indicating that the domain name owner/ registrant has registered or the domain name owner/registrant has acquired the domain name primarily for the purpose of selling, renting or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of its documented out-of-pocket costs directly related to the domain name; or
- (ii) the domain name owner/registrant has registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that it has engaged in a pattern of such conduct; or
- (iii) the domain name owner/registrant has registered the domain name primarily for the purpose of disrupting the business of a competitor; or
- (iv) by using the domain name, the domain name owner/registrant has intentionally attempted to attract, for commercial gain internet users, to its web site or other on-line location, by creating a likelihood of confusion with the complainants mark as to the source, sponsorship, affiliation, or endorsement of the domain name owner/registrant web site or location or of a product or service on its web site or location."

The defences available to such a complaint have been particularised "but without limitation", in Rule 4(c) as follows :

- (i) before any notice to the domain name owner/registrant, the use of, or demonstrable preparations to use, the domain name or a

name corresponding to the domain name in connection with bonafide offering of goods or services; or
(ii) the domain name owner/registrant (as an individual, business, or other organization) has been commonly known by the domain name, even if it has acquired no trademark or service mark rights; or
(iii) the domain name owner/registrant is making a legitimate non-commercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue".

These rules indicate that the disputes may be broadly categorised as : (a) disputes between trademark owners and domain name owners and (b) between domain name owners inter se. What is important for the purposes of the present appeal is the protection given to intellectual property in domain names. A prior registrant can protect its domain name against subsequent registrants. Confusing similarity in domain names may be a ground for complaint and similarity is to be decided on the possibility of deception amongst potential customers. The defences available to a complainant are also substantially similar to those available to an action for passing off under trademark law.

Rule 4(k) provides that the proceedings under the UDNDR Policy would not prevent either the domain name owner/registrant or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution, either before proceeding under ICANN's policy or after such proceeding is concluded. As far as India is concerned, there is no legislation which explicitly refers to dispute resolution in connection with domain names. But although the operation of the Trade Marks Act, 1999 itself is not extra territorial and may not allow for adequate protection of domain names, this does not mean that domain names are not to be legally protected to the extent possible under the laws relating to passing off.

This brings us to the merits of the dispute between the parties. As we have already said, a passing off action is based on the goodwill that a trader has in his name unlike an action for infringement of a trademark where a trader's right is based on property in the name as such. Therefore unless goodwill can be established by the appellant by showing that the public associates the name 'Sify' with the services provided by the appellant, it cannot succeed.

The appellant's claim to be a leading information technology services company and one of the largest internet services providers in the country has not been seriously disputed by the respondent nor is there any challenge to the appellant's claim that it has more than 5 lac subscribers, 480 Cyber cafes, and 54 points of presence all over India. That it is the first Indian internet company to be listed in 1999 with NASDAQ where it trades under the tradename 'Sify' was given extensive coverage in leading national Newspapers. The appellant has brought on record the stringent conditions and deposit of a large fee for having a trade name included in the NASDAQ International market. The appellant has complied with the conditions for listing. The appellants have claimed that its shares are since 1999 actively traded in on a daily basis on the NASDAQ. It is also claimed that the appellant has widely used the word Sify as a trade name/domain name for its software business and services. The appellant's website www.sify.com is claimed to be a comprehensive internet site with a gamut of subjects to choose from. It has brought out brochures and issued advertisements offering services in the internet under the name 'Sify'. It has submitted its sale figure and expenses incurred on advertisement and market promotion of its business under the trademark Sify. It is also claimed that apart from the fact that the appellant is popularly known as Sify, it has also applied for registration of more than 40 trademarks with the prefix Sify under the Trade and Merchandise Marks Act, 1958 (since replaced by the Trade Marks Act, 1999). In support of its claim of goodwill in respect of the name of 'Sify', the appellant had brought on record press clippings of articles/newspapers in which the appellant has been referred to as 'Sify'. For example, a news item published in Hindu on 5th May 2000 talks of "Sify plans of internet gateways". Another article published in the Business Standard on 11th May 2000 says "Sify chief sees strong dotcom valuations rising". There are several other publications filed along with the plaint all of which show that the appellant was referred to as 'Sify'. That the listing of the appellant with NASDAQ in 1999 under the trade name 'Sify' was featured on several newspapers has been established by copies of the news items. Documents have also been produced to show that the appellant had been awarded prizes in recognition of achievements under the tradename 'Sify'. For example, the Golden Web Award for the year 2000 was awarded to the appellant's corporate site www.sifycorp.com. A number of advertisements in connection with "e-market services from Sify". "Messaging solutions from Sify" have also been filed. It is unfortunate that none of these documents were even noticed by the High Court. We have, therefore, been constrained to appreciate the evidence and on doing so, we have reached, at least prima facie conclusion that the appellant has been able to establish the goodwill and reputation claimed by it in connection with the tradename 'Sify'.

Apart from the close visual similarity between 'Sify' and 'Siffy', there is phonetic similarity between the two names. The addition of 'net' to 'Siffy' does not detract from this similarity.

According to the respondent the word "Siffynet" which features both as its corporate name and in its domain names was derived from a combination of the first letter of the five promoters of the respondent, namely Saleem, Ibrahim, Fazal, Fareed and Yusuf, and the word "net" implies the business of the respondent. The stand taken by the respondent is that it was not aware of the appellant's

trade name and trading style 'Sify'. This is not credible for several reasons. In answer to the legal notice issued by the appellant no such case was made. The refusal of the respondent to comply with the demand notice issued by the appellant was based only on an alleged difference between the trade name, 'Sify' and 'Siffynet' and a claimed difference in the field or operation. The High Court has not also found that the respondent-company was unaware or ignorant of the use of the trade name 'Sify' by the appellant. The reason put forward by the respondent for the choice of the word 'Siffy' as part of its corporate and domain names appears from the second written statement filed by the respondent before the trial Court where it has been said that the respondent company was the brain child of its founder Director, Mr. Bawa Salim and that the word 'Siffy' was invented from the first letters of the five persons involved in the setting up of the respondent company. But only four names were given. The fifth name was given in the counter affidavit filed in this Court. In the first written statement and the first answer to the interlocutory application of the appellant verified by Bawa Salim was Managing Director of the respondent, no such case as has been put forward now regarding the choice of the name "Siffy" was made out. In fact in the original written statement, the respondent had stated that though its domain name "was got registered in the name of one Mr. C.V. Kumar, now the said person does not have any connection with this defendant since the second defendant is no longer in existence as a partner(sio)". Thus, it appears that the respondent may originally have been a firm because C.V. Kumar, in whose name 'Siffynet' was registered, has been described as a partner. Even if this inference is incorrect and the respondent was always a company, we are still not convinced as to the reason why the name "Siffy" was chosen by the respondent. If the originators of the company were the five persons viz. Salim, Ibrahim, Fazal, Fareed and Yousuf why was the domain name of the respondent already registered as 'Siffynet' in the name of Mr. C.V. Kumar? Furthermore, the list of names provided by the respondent to support its case that 'Siffy' as an original acronym was based on the initial letters of the respondent company's promoters seems unsupported by any evidence whatsoever. No document apart from a bare assertion that the five named individuals had any special collective role in the origination or promotion of the business has been filed. The appellant's internet based business was, from 1999, high profile. The evident media prominence to 'SIFY' and large subscriber base could have left the respondent in no doubt as to its successful existence prior to the adoption of Siffy as part of its corporate name and registration of Siffynet and Siffy.com as its domain names. It would therefore appear that the justification followed the choice and that the respondent's choice of the word "Siffy" was not original but inspired by the appellant's business name and that the respondent's explanation for its choice of the word "Siffy" as a corporate and domain name is an invented post-rationalisation.

What is also important is that the respondent admittedly adopted the mark after the appellant. The appellant is the prior user and has the right to debar the respondent from eating into the goodwill it may have built up in connection with the name. Another facet of passing off is the likelihood of confusion with possible injury to the public and consequential loss to the appellant. The similarity in the name may lead an unwary user of the internet of average intelligence and imperfect recollection to assume a business connection between the two. Such user may, while trying to access the information or services provided by the appellant, put in that extra 'f' and be disappointed with the result. Documents have been filed by the respondent directed at establishing that the appellant name Sify was similar to other domain names such as Scifinet, Scifi.com etc. The exercise has been undertaken by the respondent presumably to show that the word 'Sify' is not an original word and that several marks which were phonetically similar to the appellants' trade name are already registered. We are not prepared to deny the appellant's claim merely on the aforesaid basis. For one, none of the alleged previous registrants are before us. For another, the word 'sci- fi is an abbreviation of 'science fiction' and is phonetically dissimilar to the word Sify. (See Collins Dictionary of the English Language).

The respondent then says that confusion is unlikely because they operate in different fields. According to [Stellar SEO Nashville](#), the respondent and their business is limited to network marketing unlike the appellant which carries on the business of software development, software solution and connected activities. The respondent's assertion is factually incorrect and legally untenable. A domain name, is accessible by all internet users and the need to maintain an exclusive symbol for such access is crucial as we have earlier noted. Therefore a deceptively similar domain name may not only lead to a confusion of the source but the receipt of unsought for services. Besides the appellants have brought on record printouts of the respondent's website in which they have advertised themselves as providing inter alia software solution, integrating and management solutions and software development covering the same field as the appellant. To take a specific example, the respondent's brochure explicitly offers Intranet and Extranet solutions which are also explicitly offered by the appellant. There is clearly an overlap of identical or similar services. It may be difficult for the appellant to prove actual loss having regard to the nature of the service and the means of access but the possibility of loss in the form of diverted customers is more than reasonably probable.

The last question is - where does the balance of convenience lie? Given the nature of the business, it is necessary to maintain the exclusive identity which a domain name requires. In other words, either 'Sify' or 'Siffy' must go. Apart from being the prior user, the appellant has adduced sufficient evidence to show that the public associates the trade name SIFY with the appellant. The respondent

on the other hand has produced little proof to establish the averments in support of its case that it had a membership of 50,000. We are unable to hold, while not commenting on the authenticity of the bills relied on by the respondents, as the High Court has done, that the bills by themselves show that the respondent "has been carrying on conferences at different places and enrolling members who would be transacting with them in the business and like that they have enrolled about 50,000 members already". Similarly, several Bills raised in the name of the respondent in respect of different items do not by themselves establish that the members of the public have come to associate the word "Siffy" only with the respondent. Weighed in the balance of comparative hardship, it is difficult to hold that the respondent would suffer any such loss as the appellant would unless an injunction is granted. The respondent can carry on its business and inform its members of the change of name. We are conscious of the fact that the grant of an interlocutory order may disrupt the respondent's business. But that cannot be seen as an argument which should deter us from granting relief to the appellant to which we are otherwise satisfied it is entitled.

The High Courts' finding that no prejudice would be caused to the appellant because it had another domain name was a consideration which might have been relevant if there was a case of bonafide concurrent use and where the right to use was co-equal. The doubtful explanation given by the respondent for the choice of the word "Sify" coupled with the reputation of the appellant can rationally lead us to the conclusion that the respondent was seeking to cash in on the appellant's reputation as a provider of service on the internet. In view of our findings albeit prima facie on the dishonest adoption of the appellant's tradename by the respondent, the investments made by the appellant in connection with the trade name, and the public association of the tradename Sify with the appellant, the appellant is entitled to the relief it claims. A different conclusion may be arrived at if evidence to the contrary is adduced at the trial. But at this stage and on the material before the Court, we are of the view that the conclusion of the High Court to the contrary was unwarranted.

The appeal is accordingly allowed. The decision of the High Court is set aside and that of the City Civil Court affirmed. There will be no order as to costs.