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

% *Decided on: 16th March, 2022*

\+ **FAO (OS) (COMM.) 66/2022**

DEAN CHANDLER .....Appellant
Represented by: Mr. Rohit Rattu, Advocate.

versus

SAZERAC BRANDS LLC & ANR. ..... Respondents
Represented by: Mr.Nitin Sharma, Mr. Kanishk Kumar, Mr. Sohrab S. Mann & Mr. Priyansh Kohli, Advocates for R-1.

CORAM:
HON'BLE MS. JUSTICE MUKTA GUPTA
HON'BLE MS. JUSTICE NEENA BANSAL KRISHNA

NEENA BANSAL KRISHNA, J. (ORAL)

CM APPL. 13424/2022 (Exemption)

1. Allowed, subject to all just exceptions.

2. Application is disposed of.

CM APPL. 13425/2022 (Delay of 60 days in filing appeal)

1. By this application, the appellant seeks condonation of 60 days' delay in filing the appeal.

2. For the reasons stated in the application as also in view of the extension of the period of limitation granted by the Hon'ble Supreme Court in W.P.(C) 3/2020 in *Re: Cognizance for extension of Limitation*, delay of 60 days in filing the appeal is condoned.

3. Application is disposed of.

FAO (OS) (COMM.) 66/2022

1. The present appeal has been filed under Section 37(1)(c) of the Arbitration and Conciliation Act, 1996 *(hereinafter referred to as 'the Act')* and Section 13 (1A) of the Commercial Courts Act, 2005 challenging the judgement dated 27.10.2021 passed by the learned Single Judge in OMP (COMM) 37/2021, whereby the petitioner (*appellant herein*) was directed to immediately transfer the disputed domain name <*www.fireball.in*> to the respondent-complainant and has sought restoration of the domain Name *'fireball.in'*.

2. Briefly stated, the claim of the respondent in arbitration was:

> "The respondent-Sazerac Brands, LLC, a Company incorporated in Louisiana, United States of America (USA), having its registered office at 10101 Linn Station Road, Suite 400, Louisville, Kentucky-402 23, markets and manufactures cinnamon whisky under the name and brand of '*fireball'* and associated merchandise therewith. The domain name *'fireballwhisky.com'* is also the owner of the registered trademark *'fireball'* with the earliest registration in India dating back to July 19, 2013 under Classes 32 and 33 as well as in more than 70 jurisdictions globally. Sazerac's predecessor was one of America's oldest family–owned and privately-held distilleries. Sazerac itself was founded in 1869 and owns many of America's most venerable distilling companies – including Buffalo Trace Distillery, A. Smith Bowman, Glenmore Distillery and 1792 Barton, et al. The trademark *'fireball'* is well-known on account of

goodwill acquired by the brand over the years and substantial marketing, including through the internet as a ready medium of exposure to consumers apropos their goods and services. Sazerac owns and operates the websites 'www.fireballwhisky.com' and 'www.sazerac.com' and has also registered numerous domain names containing the word '*Fireball'* that include, inter alia, 'Fireballmusic.co.uk', 'Fireballwhiskey.cn', 'Fireballwhiskey.co.uk', Fireballwhiskey.com','Fireballwhiskeyindia.com, 'Fireballwhisky.cn', Fireballwhiskybeer.com'.

3. The respondent filed a complaint challenging the registration of domain name by the appellants on the ground that it was registered in bad faith with an intention to disrupt the business of the respondent.

4. The appellant herein claimed that he is a resident of Ontario, Canada and holds a Bachelor degree in Engineering and Management from McMaster Faculty of Engineering, McMaster University, Hamilton, Ontario, Canada. He asserted that since 1960, all the students and alumni of Faculty of Engineering are referred to as the *'FireBall Family'*, as the official symbol for McMaster's Faculty of Engineering is a *'fireball'*. He has been part of McMaster's *'Fireball Family'* since 1995, i.e., well before the respondent registered its Trademark in Canada in 1997. Appellant along with a batchmate, had searched for a single-word domain name, but found that <.com> and other Country Code Top-Level Domains ('ccTLD's') such as <.net>, <.org> or even <.co>, <.ca>, etc. were not available. Thus, they had to register the impugned domain name.

5. As per paragraph 5(b) of IN Domain Name Dispute Resolution Policy *(hereinafter referred to as* 'INDRP'), the *.IN Registry* appointed a Sole Arbitrator, who in its award dated 23.09.2020 considered in detail the evidence and concluded that the disputed domain name was identical or confusingly similar to the Trademark of the complainant. It was observed that there was no evidence to suggest that the appellant herein was using the disputed domain name in the course of its trade or business and it even failed to demonstrate any preparations undertaken for the same. A mere claim was made that the disputed domain name was registered to build an alumni website but the same was not set up even after two years and no tangible preparation for use of impugned domain name was demonstrated. The appellant failed to demonstrate any legitimate right or interest in the domain name. It was further observed by the learned Arbitrator that indisputably the appellant is in the business of sale of domain name. Soon after the registration of the impugned domain name, it was made available for sale to third parties. Learned Arbitrator concluded that the offer to sell the impugned domain name establishes the dishonest conduct and bad faith and demonstrates that the appellant never had any *bona fide* intent to use the disputed domain name for any legitimate business interest, including alumni website. Thus, the appellant was directed to restore the domain name to the respondent.

6. The Award was challenged before the learned Single Judge of this court who in the impugned Order dated 27.10.2021 concurred with the findings of the Arbitrator that there was confusing similarity between the trademark of the respondent and the domain name of the appellant. Also, the appellant had no right and legitimate interest in the impugned domain. He

did not commence the use of the domain name even two years after its registration purportedly to build an alumni website and there was no evidence on record to suggest that the domain name was being used by the appellant in the course of its trade and business. Moreover, the slogan *'Fireball Family'* by McMaster Faculty of Engineering cannot be claimed as a proprietary right of the appellant. It was concluded by the learned Single Judge that the appellant had no right or legitimate interest in the impugned domain name.

7. It was further observed by the learned Single Judge that indisputably the appellant is in the business of sale of domain names. As per the appellant's statement, he is one of the largest holders of *'.IN'* domain names in the world, cumulatively owning around 7,500 *'.IN'* domain names, out of which around 900 pertain to three-lettered *'.IN'* domain names; around 450 pertain to *'.CO.IN'* domain names; around 180 pertain to three-numbered *'.IN'* domain names and around 300 pertain to four numbered *'.IN'* domain names. It was thus concluded that the appellant had indulged in a carefully thought-out practice of selectively registering domain names to maximize business. No connection with India was found, except that India is gigantic and growing quickly.

8. The legitimacy of appellant's plea of the alleged connection with *'Fireball Family'* alumni was also considered by the learned Single Judge and found it strange that appellant did not register domain names, such as *'fireballfamily.com'* or *'fireballalumni.com'*, but chose to register the impugned domain name. Further, the appellant's intention not to use the domain name for the alleged purpose of setting up the alumni website was also found to be mis-founded as soon after the registration the impugned

domain name was made available for sale to third parties. The conclusion of learned Arbitrator that the appellant was offering to sell the disputed domain name established dishonest conduct and bad faith and demonstrated the appellant never had any *bona fide* intent to use the disputed domain name for any legitimate business interest, including alumni website, was upheld.

9. A plea had also been set up by the appellant that *'fireball'* is a generic term and cannot be exclusively attributed to anyone including the respondent. It was noted that in numerous cases, the courts have acknowledged that descriptive words or common words of a language, when used in reference to a different class of goods, can be registered as a trademark. Further, the mark *'fireball'* is presently registered in India for alcoholic spirits, and there exists a very strong presumption in law as to the validity of the registration of the trade mark in favour of the respondent.

10. The learned Single Judge thus concluded that the findings of the Learned Arbitrator were based on material produced and evidence placed before him and there was no ground for interference in the award.

11. Learned counsel on behalf of the appellant has argued that there is glaring and patent error apparent on the face of the impugned order and it is unjustified, unwarranted and contrary to the law. The appellant argued that the learned Single Judge has failed to appreciate that once the appellant had acquired a common word domain name '*fireball.in'* without having any knowledge of the trademark of respondent No. 1, it did not violate the rights of respondent No. 1 in any form. Whether the appellant treated the domain name passively or activated it for sale or planned to build an alumni website would not be ground to conclude that it was done in bad faith. The word *'fireball'* is a dictionary term which refers to a large bright meteor and is a

natural phenomenon visible in the sky. The learned Arbitrator failed to acknowledge that the appellant was fond of astronomy and had been mesmerized by the fireball phenomena which is a regular feature and occurs many a time in a year in the Canadian sky. Further, parking the domain name for sale cannot lead to an inference that there was no intention to set up alumni website or that it amounted to bad faith. Furthermore, there is no restriction placed by respondent No. 2 as to sale of *'.IN'* domain names. The domain name investor has legitimate right to hold a domain name portfolio of generic/common word domain names. The appellant has developed many domain names and early submissions have been included under para-11 of INDRP response. The business activity of registering domain names for the purpose of selling is legitimate and is not in breach of the policy so long as it does not encroach on third party's trademark rights. Moreover, fireball is not only a dictionary or generic word but also is a brandable term and has been adopted by numerous organizations rendering to various classes of goods and services. It is not in itself something that is distinctive or invented by the respondent No. 1 but has been mostly used globally by different businesses for over six decades. Moreover, the respondent's mark *'fireball'* was registered in Canada since 1997, while the appellant has been part of *'Fireball Family'* since 1995 and, therefore, it is the prior user of term *'fireball'*. While the respondent No. 1 had applied in 2013 and registered it in 2018 in India but the same has been used since 2019 only and they were not having any active presence before that. It was argued that the respondent No. 1 cannot claim any monopoly over this common term whatsoever; in fact, respondent No. 1 had realized the importance of domain names and had ample opportunities to register the disputed domain name. It

was argued that learned Single Judge has failed to appreciate that in order to prove bad-faith registration, it has to be specifically established.

12. The appellant further submits that the learned Single Judge wrongly referred to the mark of respondent No. 1 as a famous/strong mark, though respondent No. 1 failed to prove any secondary meaning in the term of producing any proper evidence as to sales, promotion, advertising material from Canada and also did not include any information in its complaint or in its rejoinder.

13. It was further submitted on behalf of the appellant that it has been referred to as a sophisticated domainer having registered 7,500 domain names. The appellant has a right to register unlimited number of domain names in terms of *'.IN'* registry policy and which has been totally disregarded and ignored.

14. It was thus, submitted that the learned Single Judge has wrongly concluded that the domain name was registered in bad faith or that the appellant had no legitimate right or interest in the domain name. It is thus argued that the impugned order dated 27th October, 2021 of the learned Single Judge was liable to be set aside and the appellant was entitled to restoration of domain name *'fireball.in'* as the same being generic in nature.

15. Learned counsel appearing on behalf of the respondent No. 1 has argued that the scope of objection under Section 34 is limited to breach of public policy and any patent illegality which is not established in the impugned order and the present appeal is liable to be dismissed.

16. Submissions heard from learned counsel on behalf of Appellant and learned counsel for the respondent.

17. It is undisputed that appellant has registered the domain name in India

in 2018; on the other hand, the predecessor of the respondent has been using *'fireball'* mark since 1989 in USA, the rights of which were subsequently transferred to the respondent in 2000. Since then the respondent has been selling whisky under this mark throughout the world. Sazerac has also registered the trade mark '*fireball'* in India.

18. The dispute in the present case is not in regard to trademark infringement but whether the impugned domain name conflicted with Sazerac's legitimate rights or interests. 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. In the decision reported as *(2004) 6 SCC 145* *Satyam Infoway Ltd. v. Sifynet Solutions (P) Ltd.* decided on 06th May, 2004, the Hon'ble Supreme Court explained that the distinction lies in the manner in which the two operate. A trademark is protected by the laws of a country where such trademark maybe registered. Consequently, a trademark 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 worldwide exclusivity but also that national laws might be inadequate to effectively protect a domain name.

19. This lacuna necessitated international regulation of the domain name system (DNS) which was effected through WIPO and ICANN. A system of registration of domain names with accredited registrars and Uniform Domain Name Disputes Resolution Policy (UDNPR Policy) by ICANN was

set up on 24-10-1999. India is one of the 171 States of the world which are members of WIPO.

20. IN Domain Name Dispute Resolution Policy (*hereinafter referred to as 'INDRP')* has been adopted by National Internet Exchange of India (hereinafter referred to as 'NIXI'). Paragraph 4 of the Policy sets forth the terms and conditions that shall govern the disputes in connection with *'.IN'* or .Bharat domain name. Paragraph 4 provides the 'class of disputes' which reads as under:

> ***"4. Class of Disputes***
> *Any Person who considers that a registered domain name conflicts with his/her legitimate rights or interests may file a Complaint to the .IN Registry on the following premises:*
>
> *(a) the Registrant's domain name is identical and/or confusingly similar to a Name, Trademark or Service Mark etc. in which the Complainant has rights; and*
>
> *(b) the Registrant has no rights or legitimate interests in respect of the domain name; and*
>
> *(c) the Registrant's domain name has been registered or is being used either in bad faith or for illegal/unlawful purpose.* "

21. Hon'ble Supreme Court in ***Satyam Infoway Ltd (supra)*** held as under:

> "*12.The original role of a domain name was no doubt to provide an address computers on the internet. But the internet has developed 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 a 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, a domain name may pertain to provision of services within the meaning of Section 2 (1) (c). 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, serves 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 necessity, 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 a large number of trademarks containing the same name can comfortably coexist because they are associated with different products, belong to business in different jurisdictions, etc., the distinctive nature of the domain name providing global exclusively is much sought after. The fact that many consumers searching for a particular site are likely, in the first place, to try and guess its domain name has further enhanced this value."

XXXX XXXX XXXX

XXXX XXXX XXXX

"16. 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….. 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 website which offers no such services: Such users

> *could well conclude that the first domain-name owner had misrepresented its goods or services through its promotional activities and the first domain-owner would thereby lose its custom.* ***It is apparent, therefore, that a domain name may have all the characteristics of a trade mark and could found an action for passing off."***

22. The Apex Court in in *Satyam Infoway Ltd* (supra) thus concluded that principle relating to passing off actions in connection with trademark is applicable to domain names.

23. The Bombay High Court in *Rediff Communication Limited vs. Cyberbooth and Another, (1999) SCC Online Bom 275* made a reference to *Marks and Spencer PLC v. One in a Million, reported in 1998 FSR 265, and* held that any person who deliberately registers a domain name on account of its similarity to the name, brand name or trademark of an unconnected commercial organization must expect to find himself on the receiving end of an injunction to restrain the threat of passing off, and the injunction will be in terms which will make the name commercially useless to the dealer. It was further observed that the value of the name consists solely in its resemblance to the name or trademark of another enterprise and the Court will normally assume that the public is likely to be deceived, for why else would the defendants choose it.

24. This Court in *Tata Sons Limited vs. Manu Kosuri & Ors. ILR (2001) I Delhi 236* reiterated that domain names or internet sites are more than a mere address. Reference was made to *Rediff Communications Ltd.* (supra) to conclude that 'the advancement and progress in technology and services rendered by an internet site, the domain names are also entitled to be given protection equal to a trademark from passing off'.'

25. Having concluded that the duly registered trade mark in the name of respondent no.1 has to be given protection from passing off even *vis a viz* a domain name registered in favour of the appellant, what now needs to be examined is whether the Award made by learned Arbitrator suffers from any infirmity making it liable to be set aside under Section 34 of the Act. The arguments addressed on behalf of the appellant essentially revolve around the facts and challenges the findings of the learned Single Judge on merits claiming it to be based on wrong appreciation of facts and documents and erroneous application of law. Essentially, the challenge is on the merits of findings on facts and it needs to be considered whether these can be a basis to set aside the award under Section 34 of the Act.

26. The scope of grounds of challenge of an award under Section 34 of the Act is limited and is not equivalent to an appeal. The grounds on which an Arbitral Award can be challenged are circumscribed by Section 34 of the Act and the judicial precedents interpreting the said provision. Section 34 of the Act is as under:

> *"34. Application for setting aside arbitral award— xxx xxx xxx*
> *(2) An arbitral award may be set aside by the Court only if—*
> *(a) the party making the application furnishes proof that— xxx xxx xxx*
>
> *(iii) xxxx*
>
> *(iv) xxxx*
>
> *Provided that, xxx xxx xxx"*
>
> *(b) the Court finds that--*
>
> *(i) the subject-matter of the dispute is not capable of settlement by arbitration under the law for the time being in force, or*

(ii) the arbitral award is in conflict with ***the public policy of India.***

[1]*[Explanation 1.--For the avoidance of any doubt, it is clarified that an award is in conflict with the public policy of India, only if,--*

(i) the making of the award was induced or affected by fraud or corruption or was in violation of section 75 or section 81; or

(ii) it is in contravention with the fundamental policy of Indian law; or

(iii) it is in conflict with the most basic notions of morality or justice.

Explanation 2.--For the avoidance of doubt, the test as to whether there is a contravention with the 'fundamental policy of Indian law' shall not entail a review on the merits of the dispute.

(2A) An arbitral award arising out of arbitrations other than international commercial arbitrations, may also be set aside by the Court, if the Court finds that the award is vitiated by 'patent illegality' appearing on the face of the award:

Provided that an award shall not be set aside merely on the ground of an erroneous application of the law or by re appreciation of evidence.]"

27. The scope of challenge has been explained in *Ssangyong Engineering and Construction Co. Ltd. v. NHAI,* (2019) 15 SCC 131 wherein it was observed that the grounds of challenge of an award under Section 34 have been amended by Amendment Act, 2015. The 'public policy' is now constricted to mean firstly that a domestic award is contrary to the fundamental policy of Indian law. Secondly, such award is against basic notions of justice or morality. However, principles of natural justice as contained in 'Section 18 and 34(2) (a) (iii) of 1996 Act' shall continue to be the ground of challenge of an award. The ground for interference on the basis that the award is in conflict with justice or morality is now to be

understood as a conflict with the "most basic notions of morality or justice". This would apply only to such arbitral awards that shock the conscience of the court and that can be set aside on this ground.

28. It was further observed that an additional ground is now available under sub-Section 2A added by the Amendment Act, 2015 to Section 34. Here, there must be 'patent illegality' appearing on the face of award which refers to such illegality as goes to the root of the matter but which does not amount to mere erroneous application of the law. In short, what is not subsumed within the fundamental policy of Indian law, namely, the contravention of a statute not linked to public policy or public interest cannot be brought in by the backdoor when it comes to setting aside an award on the ground of patent illegality. It was also made clear that re-appreciation of evidence which is what an appellate court is permitted to do, cannot be permitted under the ground of patent illegality appearing on the face of the award. A change that has been brought in by the Amendment Act, 2015 is that the construction of the terms of a contract is primarily for an arbitrator to decide, unless the arbitrator construes the contract in a manner that no fair-minded or reasonable person would; in short that the arbitrator's view is not even a possible view to take. Also, if the arbitrator wanders outside the contract and deals with matters not allotted to him, he commits an error of jurisdiction and would fall within the new ground of patent illegality added under Section 34(2A).

29. It has been further explained in *Ssangyong Engineering and Construction Co. Ltd. (supra)* that a decision which is perverse, may no longer be a ground for challenge under "*public policy of India"* but would certainly amount to patent illegality appearing on the face of the award. A

finding based on no evidence at all or an award which ignores vital evidence in arriving at its decision would be perverse and liable to be set aside on the ground of patent illegality. Section 34 (2)(a) does not entail a challenge to an arbitral award on merits.

30. Essentially, the appellant has sought re-appreciation of evidence and findings of the learned Arbitrator on facts which is specifically barred by proviso to sub-Section 2A of Section 34 and is beyond the scope of Section 34 of the Act.

31. The award is a well reasoned order made after due appreciation of facts and evidence and due application of law as held by learned Single Judge. The appellant has failed to demonstrate the breach of public policy or patent illegality in the impugned order.

32. There being no infirmity in the impugned order, the appeal is hereby dismissed.

CM APPL. 13423/2022 (Stay)

1. In view of the order passed in the appeal, the application is disposed of as infructuous.

(NEENA BANSAL KRISHNA)
JUDGE

(MUKTA GUPTA)
JUDGE

MARCH 16, 2022
S.Sharma