
(2009) 12 DEL CK 0100
In the Delhi High Court
Case No : CS (OS) No. 2173 of 2009

S.C. Johnson and Son, Inc. and Another	APPELLANT
Vs	
Buchanan Group Pty. Ltd. and Others	RESPONDENT

Date of Decision : 08-12-2009

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Order 39 Rule 1, Order 39 Rule 2, 151

Citation : (2009) 7 ILR Delhi 814 : (2010) 42 PTC 77

Hon'ble Judges : Rajiv Shakdher, J

Bench : Single Bench

Advocate : Abhishek Manu Singhvi, Pratibha M. Singh and Deepak Gogia, for the Appellant; Ashok Desai and Rajiv Nayar, Sameer Parekh, Sumeet Lall and Rukmini Bokde, for the Respondent

Final Decision : Allowed

Judgement

Rajiv Shakdher, J.—By this order I propose to dispose of the captioned application preferred by the plaintiffs under Order 39 Rules 1 & 2 read with Section 151 of the Code of Civil Procedure, 1908 (hereinafter referred to as the "CPC"). The factual matrix, in the background of which, the application has been moved is as follows:

2. plaintiff No. 1 is a company which is incorporated under the laws of United States of America, having its registered office in that country. plaintiff No. 2 is a subsidiary company of plaintiff No. 1. plaintiff No. 1 evidently holds 99% share in plaintiff No. 2 through its two subsidiaries i.e., Johnson's Wax International GMBN, Switzerland and S.C. Johnson & Sons Investment Limited, Mauritius.

3. Incidentally, balance 1% share holding in plaintiff No. 2 is held by defendant No. 3 through its wholly owned subsidiary Unilever India Exports Limited, a company incorporated under the laws of India.

4. The plaintiffs are aggrieved since one of its product i.e., "Mr. Muscle Kitchen Cleaner" has been purportedly denigrated by virtue of an advertisement (which is

appended as Annexure 2 to the plaint) telecast on television and played out on the internet by defendant Nos. 1 & 2. It is the plaintiffs' case that the impugned advertisement is telecast and uploaded on the internet at the behest of defendant No. 3 which manufactures a competitive product under the brand name "CIF Cream".

5. It is averred in the plaint that its product "Mr. Muscle Kitchen Cleaner" has acquired for itself worldwide reputation in so far as household cleaning products, air fresheners and insecticides are concerned. Resultantly, plaintiffs have its operations in 70 countries. The plaintiffs claim that their products sell in over 110 countries across the globe in Europe, Asia, Africa, Australia, North America, South America etc.

6. It transpires that plaintiff No. 1 acquired proprietary rights in the brand name "Mr. Muscle", only in 1992 with the acquisition of Drackett Company from another company by the name Bristol-Mysers. It is also averred that brand/trade mark "Mr. Muscle" has been registered in over 100 countries across the globe, which includes India. The brand/trade mark "Mr. Muscle" was first registered in India on 19.01.1996. It is also claimed that "Mr. Muscle" range of products were launched in India in April, 2007. To begin with, the plaintiffs launched the product in issue i.e., "Mr. Muscle Kitchen Cleaner" as also "Mr. Muscle Glass Cleaner". The range of products was expanded in August, 2008 to include "Mr. Muscle Kitchen Cleaner Multipurpose", and by December, 2008 other products such as "Mr. Muscle Toilet and Bathroom Cleaner", "Mr. Muscle Advanced Toilet Cleaner" and "Mr. Muscle Power Toilet Cleaner" were added. The purpose of these averments evidently is to show that in the field of household cleaners, the plaintiffs are the market leaders. In so far as the impugned advertisement is concerned, it is averred that "Mr. Muscle Kitchen Cleaner" amongst other products, launched under the brand name "Mr. muscle", is packed in a unique container which is distinctively shaped with appropriate indentation, carrying an orange colour, with a nozzle in the form of a trigger. The overall trade dress makes the plaintiffs' product unique and immediately identifiable from those of its competitors.

7. In order to build the brand image of "Mr. Muscle" products, in respect of "Mr. Muscle Kitchen Cleaner" alone, in 2008-09, the plaintiffs have purportedly incurred an advertisement expenditure of Rs 10.13 crores approximately, and between April 2009 to September 2009 the expenditure was Rs 2.86 crores. The plaintiffs have also averred that in 2007-2008 "Mr. Muscle Kitchen Cleaner", grossed sales equivalent to approximately Rs 2.60 crores; which has risen appreciably in the subsequent year i.e., 2008-09.

7.1 The plaintiffs' grievance is that defendant No. 3 which is a competitor, has used the services of defendant Nos. 1 & 2 to telecast the impugned advertisement to denigrate the plaintiffs' product "Mr. Muscle Kitchen Cleaner". This is brought out in the impugned advertisement by first comparing its own product "CIF Cream" with plaintiffs' product "Mr. Muscle Kitchen Cleaner" by

using, amongst others, a virtually similar container which is, orange in colour, and has a similar trigger; and thereafter alludes to the fact that tough kitchen stains can be removed by using advanced products, that is, "CIF cream" with least amount of effort. In nutshell, by this comparison the defendants lead the consumers and viewers to believe that other kitchen cleaners including the plaintiffs. products are ineffective and worthless.

8. In support of these averments, Dr. Singhvi appearing for the plaintiffs has: Firstly, taken me through the averments made in the plaint in order to demonstrate the plaintiffs. market leadership, its investment in advertisement, and the turnover achieved which is sought to be impacted by the impugned advertisement. Secondly, he has also stressed upon the fact that there is in the instant case clear attempt at denigrating the plaintiffs. product as there is a side by side comparison of the plaintiffs. product with that of the defendants. In order to buttress his submissions he relied upon the following judgments:

Reckitt Benckiser (India) Ltd. Vs. Hindustan Lever Limited, ; Paras Pharmaceuticals Ltd. Vs. Ranbaxy Laboratories Ltd. and Others, ; Karamchand Appliances Pvt. Ltd. Vs. Sh. Adhikari Brothers and Others, ; Reckitt & Colman of India Ltd v. Kiwi T.T.K. Ltd. 1996 (16) PTC 393 (Del).

9. Apart from the above, Dr. Singhvi has also submitted that the balance of convenience is also in favour of the plaintiffs as defendant No. 3 in its reply to the captioned application has admitted that since October, 2009 the impugned advertisement has not been telecast. He has submitted that defendants currently are running an Advertisement Story Board which is appended at page 28 of the rejoinder, to which plaintiffs have no objection.

10. A reply in rebuttal has been filed by defendant No. 3. On a perusal of the reply, it is quite evident that defendant Nos. 1 & 2 are companies tasked with job of advertising products of leading manufacturers. Defendant Nos. 1 and 2 are sponsored and paid for their efforts evidently by these manufacturers. In turn defendant Nos. 1 and 2 facilitate the manufacturers. communication with their consumers through television commercials, campaigns and flyers under the brand name "Brand Power".

10.1 Defendant No. 3 in the reply, has refuted the allegations of disparagement made by the plaintiffs. Towards this end, they have in great detail analysed the impugned advertisement to demonstrate that there is no intent to disparage the plaintiffs. products by either "overt" or "covert" reference in the impugned advertisement. In respect of each frame of advertisement defendant No. 3 has averred as follows:

First Frame

(i) In this frame the impugned advertisement only conveys that everyone prefers better cleaning with least amount of effort.

Second Frame

(ii) This brings out the fact that defendant No. 3's product i.e., "CIF Cream" is an effective cleaner. The only product which is shown is "CIF Cream".

Third Frame

(iii) This frame (which is largely responsible for institution of the present action by the plaintiffs) shows that defendant No. 3's product i.e., "CIF Cream" alongside other surface cleaners including an orange coloured container. It is important to note that defendant No. 3, however, claims that the shape, get up as well as the nozzle of the orange coloured container is completely different from that of the plaintiffs' product. Defendant No. 3 has also stressed the fact that blue and orange coloured containers are used predominantly by various manufacturers across the country in respect of surface cleaners. Therefore, it is averred that there are products of other manufacturers which are orange in colour and have a nozzle in the form of a trigger.

Fourth Frame

(iv) In this frame liquid is poured on a greasy stove and in the side by side frame another "CIF Cream" is also poured on to a greasy stove. The protagonist adverts to the fact that side by side test reveals that "CIF Cream" is better in comparison to other surface cleaners. The reason given for the same by the protagonist is that "CIF Cream" formula contains "micro particles".

10.2 In the advertisement the protagonist has tried to allude to the fact that "CIF Cream", which contains micro particles, is more efficient in removing various kinds of stains found on myriad surfaces.

10.3 In this context, defendant No. 3 in particular has averred as follows: First, the comparison is with the blue coloured bottle in the fourth frame of the advertisement, which makes it clear that defendant No. 3's product is being compared with other surface cleaners, and the reference is only with regard to the visual which is seen alongside. Second, "CIF Cream" is compared with a blue coloured container, and not with an orange coloured container, which is in the previous frame, with which, the plaintiffs are aggrieved. Third, the statement that the cleaning efficacy of defendant's product is on account of presence of micro particles in defendant No. 3's products, is a statement of fact, which is backed by technical research and laboratory tests. In this regard a reference to test reports of one M.J. Labs has also been made, which is, appended as Annexure F to the plaint.

10.4. Defendants have refuted the plaintiffs' claim that it is a market leader in household cleaners. On the other hand, defendant No. 3 has taken a stand that "CIF Cream" was launched in France in 1969; it is presently sold in over 50 countries across the continents; the annual turnover of "CIF Cream Brand" globally in 2008 alone was 450 million Euros; "CIF Brand" is number one brand in 14 countries in the category of liquid abrasive cleaner with more than 50% share in the European Continent alone, a fact which is evidenced by AC Nielsen

Report dated 19.06.2009, which shows the defendants. product as market leader in 14 European countries; and lastly, the plaintiffs. product "MR. MUSCLE KITCHEN CLEANER" on the other hand does not even figure in top three brands in the AC Nielson report.

10.5. As far as India is concerned, defendant No. 3 has claimed that CIF Cream was introduced in India in June, 2009 and since then, defendants have spent approximately Rs 10 crores on advertising alone. More specifically, in respect of the impugned advertisement, which ran on television between August, 2009 and October, 2009 the defendants have spent Rs 80 lakhs.

11 In the background of the aforesaid averments made in the reply of defendant No. 3 Mr. Ashok Desai, learned senior counsel has submitted that the plaintiffs. application deserves to be rejected on the following grounds:

(i) Defendants had been running the impugned advertisement on television, on the South Indian channels, since August, 2009. The plaintiffs. claim that they were unaware of the impugned advertisement till October, 2009 is clearly false as TAM Certificates would demonstrate that plaintiffs. own advertisements have been telecast on the same channels. The delay of over three months in approaching the court should be a good ground for refusing the prayer for interim relief.

(ii) There is no subsisting cause of action and hence, not only the application but also the suit deserves to be dismissed. In support of his submissions, my attention was drawn to the fact that not only is the container, in the side by side, comparison in the third frame of the impugned advertisement, quite different from that of the plaintiffs, but also that there are several such orange coloured containers in the market of other manufacturers. The comparison in the impugned advertisement is, as a matter of fact, between liquid which is poured from a blue bottle on to a greasy stove, and the contents of the defendants. product, that is, "CIF Cream" which is also poured on to a greasy stove in a side by side comparison. The comparison obviously is not with the plaintiffs. product, and in any event, there is no disparagement since what is shown is that the defendants. product as compared to other products, which does not include plaintiffs" product, is of a superior quality.

(iii) In any event, the statement made in the impugned advertisement being a statement of fact, backed by technical research and laboratory tests, is a complete defence to an action for disparagement,

(iv) The plaintiffs have neither appended affidavits of any consumer nor a consumer survey report, to show how the impugned advertisement has impacted the consumers in so far as their perception of plaintiffs. product is concerned.

(v) It is the plaintiffs. own claim (a reference was made to the turnover figures culled out in the plaint) that the turnover between 2007-08 has jumped significantly and hence, the impugned advertisement has had no impact on the

sale of the plaintiff's product.

11.1 As regards the submission of learned Counsel for the plaintiffs, that the defendants had not run the impugned advertisement after October, 2009, it was submitted that even though this is factually correct, an inference could not be drawn that the defendants had stopped telecast of the impugned advertisement because they realized that it resulted in disparaging plaintiffs' product. It was submitted that each advertisement runs for a particular time-span after which it may either be substituted by a new one, or be re-introduced after giving it a short break. In order to buttress his submissions Mr. Desai refers to the following judgments:

Godrej Sara Lee Ltd. Vs. Reckitt Benckiser (I) Ltd., ; B.L. and Co. and others Vs. Pfizer Products Incl., ; Reckitt Benckiser (India) Ltd v. Cavinkare (P) Ltd 2007 (35) PTC 317 para 37 at page 329-330; Reckitt & Colman of India Ltd v. M.P. Ramachandran and Anr, 1999 (19) PTC 741 (Cal); Colgate Palmolive (India) Ltd. Vs. Hindustan Lever Ltd.,

12. In rejoinder, the learned Counsel for the plaintiffs Mrs Pratibha Singh, apart from reiterating the submissions made in the opening, in particular, addressed the issue of delay. It was stressed that the averments made in the plaint that the plaintiffs came to know of the impugned advertisement in October, 2009, was factually correct as the TAM report was received by them only in October, 2009. She submitted that the defendants have not filed any document to demonstrate that the impugned advertisement was running in South India since August, 2009. On the aspect of delay the learned Counsel for the plaintiffs relied upon a Judgment of the Division Bench of this Court in Pankaj Goel v. Dabur India Ltd. 2008 IX AD Delhi 190. It was submitted that in the said case, the court was pleased to condone the delay of nearly three years on the ground that it was difficult for the plaintiff in that case, looking at the size of its budget, to keep track of each and every advertisement which the defendants had taken out.

13. In the sur-rejoinder, it was pointed out by Mr. Desai that TAM report could not be filed, as there was not enough time available, for them to file it with their rejoinder. He, however, handed over a TAM report issued by "Mind Share" to demonstrate the fact that since August, 2009 the impugned advertisement of the defendants as also of the plaintiffs have been running on the same South Indian Channels.

14. I have heard the learned Counsel for the parties. A perusal of the facts stated in the plaint, the captioned application and the reply of the defendant No. 3 would bring to fore the following:

14.1 The impugned advertisement does allude to the fact that defendant No. 3's product is more efficacious as compared to other kitchen cleaners. The other kitchen cleaners are shown in containers of various colours, including one, which is in orange colour with the nozzle in the form of a trigger. It was evident during the course of arguments that there are several similar kitchen cleaners found in

the market which are also packed in orange coloured containers or colours which are in close proximity to the orange shade with a nozzle in form of a trigger. It cannot, therefore, be disputed by the plaintiffs that either the colour orange or the nozzle in the form of trigger is unique to the plaintiffs. product. In Court I have been shown several containers of varied colours including the colour orange, which had a nozzle in the form of a trigger. The exact shape and size of trigger may, of course vary depending on the shape and size of the receptacle. But these differences by themselves, prima facie, cannot come to the rescue of the defendants as there is by innuendo a reference to plaintiffs. product amongst others. The advertisement on the defendants. own admission runs for a very brief period. Perhaps not more than 30 seconds. The time frame available to a consumer to appreciate the difference is so minimal that the fine distinctions pointed out in court can have no meaning. The question to be asked is why is there a need to show in the third frame of the impugned advertisement an orange coloured container with a nozzle in the form of a trigger. The defendants. insistence on having it included in the impugned advertisement, prima facie lends credence to the plaintiffs. assertion that there is an attempt to compare.

14.2 But every comparison does not necessarily amount to disparagement. Consequently, what is required to be answered is:- whether there is denigration of plaintiffs. products. The answer to this question in my mind lies in what is the fundamental purpose for which the product is manufactured. Both the plaintiffs. and defendants. products are kitchen cleaners. Therefore, efficacy in cleaning tough kitchen stains with minimum effort would be the core object in manufacturing a product of such kind. The impugned advertisement undoubtedly shows that "CIF Cream" which is the defendants. product achieves this object quickly with least amount of effort in comparison to the products of its competitor. In my view in the facts of the instant case, the impugned advertisement prima facie does seem to denigrate the plaintiffs. product. It comes within the test of the defendants alluding to a "specific defect" or "demerit" in the plaintiffs. product. (See *De Beers Abrasive Products Ltd. and Ors. v. International General Electric Co. of New York Ltd.* (1975) 2 ALL ER 599).

14.3 Therefore, the next issue which needs to be answered is as to whether the claim of superiority of defendants. product is a statement of fact. Truth is a complete defence in an action for malicious falsehood. In my opinion this issue would require a trial. At this stage, I am not persuaded to hold that superiority of defendant No. 3.s product is established notwithstanding reliance by defendants on the test reports appended with the reply. MJ's credentials have been challenged by the plaintiffs. Hence, in my view the validity of defendant No. 3.s statement that its product is superior to that of its competitors, including the plaintiffs is still at large.

14.4 Therefore, considering the totality of circumstances, I am of the view that the plaintiffs have established a strong prima facie case for grant of injunction.

15. The submissions made on behalf of the defendants that an injunction should

not be granted in the instant case as: the plaintiffs have approached this Court after a delay of nearly three months; there is no cause of action surviving as the impugned advertisement is presently not being telecast; there is no evidence of impact on consumers as a result of the impugned advertisement; the balance of convenience is in favour of the defendants because they have spent huge amount of money on the impugned advertisement; and lastly, there is no injury caused to the plaintiffs by virtue of the impugned advertisement since it is the plaintiffs. own claim that turnover has increased since the telecast of the impugned advertisement - are in my view without merit. The reasons are as follows:

16. First, as far as the delay is concerned the plaintiffs. claim that they were unaware of the impugned advertisement till October, 2009. The defendants have, however, handed over a document which seems to indicate that the plaintiffs. advertisements were running on television channels in South India as far back as August, 2009. Therefore, there may be perhaps, some merit in the assertion that the plaintiffs stand that they were ignorant about the impugned advertisement is inaccurate. But the matter, however, does not end there; for the reason that the defendants have not refuted the fact that the impugned advertisement in its Hindi version continues to appear on the internet on the defendants. website i.e., www.brandpower.com. What impact would an internet advertisement have on the consumers can only be assessed at the stage of trial. The fact remains that plaintiffs. grievance remains unaddressed to date. Apart from this, in the instant case, what is important to bear in mind is that eventhough the defendants have stopped running the impugned advertisement since 31.10. 2009 as per their own stand, they have refused to give an assurance that they will not run the impugned advertisement again. The threat of commission of tort remains. The ground of delay, therefore, in my view loses its force.

16.1 As regards, the submission that no cause subsists which would justify continuation of the present action; is also, without merit. This is so, for a short reason, which is, that defendant No. 3.s counsel in his submission in court flatly refused to give any assurance to the court that they would not run the impugned advertisement till the culmination of the suit proceedings. The provisions of Order 39 Rules 1 & 2 of the CPC make it clear that it not only empowers the court to injunct what it perceives is a the continuing wrong but also brings within its fold threatened breach of a legal right invested in the plaintiffs. The Court both under Rule 1 as well as Rule 2 of Order 39 of the CPC is empowered to restrain the defendant from committing an act which may injure the plaintiff. Therefore, in my view the cause survives as long as the defendants threaten to telecast the impugned advertisement. That apart, as observed above, the defendants are telecasting a Hindi version of the impugned advertisement on the internet on their website www.brandpower.com. Thus, there is subsisting cause of action in favour of the plaintiffs.

16.2 The objection with regard to the fact that the plaintiffs have not filed

affidavits of consumers or report of any consumer survey carried out, to demonstrate the impact on the purchasers is, in my view, premature. The plaintiffs at the trial will undoubtedly be required to prove, amongst other ingredients of the tort, injury by relying upon relevant evidence. The affidavits of consumers as regards impact of the impugned advertisement would be vital. At an interlocutory stage, the motion cannot be rejected on this ground alone.

16.3 The other objection with regard to increase in sales is also untenable. The effect of an advertisement is neither known immediately nor is it directly proportional. Like with every product there are some negative factors which drag the sales while there are others which give it a filip. Depending on which factor has greater impact the sales may increase or decrease. Therefore, increase in absolute terms does not give the entire picture. It requires a deeper analysis. Furthermore, the yearly figures of turnover given in the plaint do not clearly disclose whether the period in issue is a financial year or a calendar year. If the turnover given in the plaint is for a financial year then the increase in sales between 2007-08 and 2008-09 would ordinarily be a comparison of a 12 month period of each year which commences in April and ends in March of next year. The financial year 2008-2009 would end on 31.03.2009. As per the defendants own showing, the impugned advertisement commenced in August, 2009. What is obvious is that the impact of the impugned advertisement on the sales could only have been measured in the period post August, 2009. In any event, as observed above, the impact of an advertisement is not necessarily felt in close proximity. Therefore, injury which the impugned advertisement allegedly caused to the plaintiffs will require a closer study, based on evidence that plaintiffs would place before the Court at the time of trial. At this stage there is no reason to doubt the submission of the plaintiffs that the impugned advertisement has the necessary portends of impacting its revenue.

16.4 The other objection that the balance of convenience is in favour of defendant No. 3 since, a large sum of money had been spent by defendant No. 3 on advertisement is, in my view, to be determined not only on the basis of advertisement budgets of the warring parties but also on other factors, which I will shortly touch upon.

16.5 The plaintiffs have, as indicated above, stated that they have spent close to Rs 2.86 crores on advertisement in respect of their product between April-September, 2009. Before that in 2008-09 they claim to have spent nearly Rs 10.13 crores approximately. The plaintiffs have also averred that they have launched their product "Mr. Muscle Kitchen Cleaner" in April, 2007. Therefore, by a comparative yardstick plaintiffs were not only an early bird in making a foray in the Indian market but undoubtedly spent a huge amount on advertising their product. As against this, the defendants admittedly have launched its product in India in June, 2009, a fact evident upon perusal of paragraph 9 of reply filed by defendant No. 3. The defendants have also claimed that between June, 2009 and October, 2009 they have spent Rs 10 crores in brand building by advertising

through various mediums, and have spent about Rs 80 lakhs between August, 2009 and October, 2009 on the impugned advertisement alone. As indicated above, the money spent on advertisements may not by itself help in determining in whose favour the balance of convenience lies. What is, however, clear that the plaintiffs' product has been introduced much prior in point of time; as a matter of fact nearly 2 years ago. Furthermore, the defendants admittedly as of today are not telecasting the impugned advertisement. There can be no irretrievable harm caused to the defendants if they are restrained from telecasting the impugned advertisement.

16.6 The last contention that the impugned advertisement does not cause any loss, much less irreparable loss, to the plaintiffs since they instituted the present action only after the defendants had stopped the telecast of the impugned advertisement; in my view is also an objection which cannot be sustained. The injury to the plaintiffs, as observed above, is prima facie continuing in view of the fact that there is no denial by the defendants that the Hindi version on the internet continues to show the impugned advertisement. Therefore, prima facie the defendants continue to commit a tort. Whether this has resulted in an injury or loss to the plaintiffs; is an issue amongst others which shall be a subject matter of trial. For the reasons given above, I am inclined to restrain the defendants from using the impugned advertisement, which is appended as Annexure A to the plaint, in any medium of communication, during the pendency of the suit.

17. The application is allowed, accordingly, in terms of the direction contained hereinabove.