



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

% ***Judgment Reserved on: 21st April, 2025***
Judgment Pronounced on: 16th May, 2025

+ CS(COMM) 586/2019, I.A. 14659/2019, I.A. 14660/2019, I.A. 4065/2021 & I.A. 38495/2024

WESTERN DIGITAL TECHNOLOGIES,
INC.& ANR.

.....Plaintiffs

Through: Ms. Shwetasree Majumder, Mr.
Prithvi Singh and Ms. Devyasni Nath,
Advocates.

versus

HANSRAJ DUGAR

.....Defendant

Through: Mr. Sidharth Chopra, Mr. Kanishk
Kumar, Mr. Angad Makkar and Mr.
Priyansh Kohli, Advocates.

CORAM:
HON'BLE MR. JUSTICE AMIT BANSAL

JUDGMENT

AMIT BANSAL, J.

I.A. 14659/2019 (under Order XXXIX Rule 1 and 2 of CPC)

I.A. 38495/2024 (under Order XXXIX Rule 4 of CPC)

1. By way of this judgment, I will dispose of two applications, being I.A. 14659/2019 under Order XXXIX Rule 1 and 2 of the Code of Civil Procedure, 1908 (hereinafter "CPC") and I.A. 38495/2024 under Order XXXIX Rule 4 of CPC seeking vacation of *ex parte ad interim* injunction order dated 21st October, 2019.

2. Arguments were heard on behalf of the counsel for the parties on 23rd



January, 2025, 19th March, 2025, 21st March, 2025 and 21st April, 2025, when the judgment was reserved.


CASE SET UP IN THE PLAINT

3. The case set up by the plaintiffs in the plaint is as under:

3.1. The plaintiff no. 2, Western Digital UK Ltd., is a wholly owned subsidiary of the plaintiff no. 1, Western Digital Technologies, Inc. (hereinafter collectively referred to as “the plaintiffs”). The plaintiffs are one of the largest computer Hard Disk Drive (HDD) manufacturers in the world.

3.2. The plaintiffs have been using the trademark ‘WESTERN DIGITAL’ in India since 1997 and commenced the use of the trademark ‘WD’ in 1999. The plaintiffs manufacture and market storage devices, media players, routers/switches/bridges, comprising of Original Equipment Manufacturer (OEM)/ system manufacturer, desktop and enterprise, solid state drives (SSD), HDDs and software and mobile applications under their registered



trademarks ‘WESTERN DIGITAL’,  and/or ‘WD’ (hereinafter “the Western Digital trademarks”).

3.3. The plaintiff no.1 is the registered proprietor of the Western Digital trademarks under Class 9, the details of which are given in paragraph 10 of the plaint.

3.4. The plaintiffs also own and maintain several websites whose domain names contain ‘WESTERN DIGITAL’ or ‘WD’ and are used for marketing and selling plaintiffs’ products. Some examples of the said domain names are given in paragraph 12 of the plaint.

3.5. The defendant under its proprietorship concern, M/s Supreme



Enterprise, imported commercial quantities of infringing hard disk drives bearing the plaintiffs' Western Digital trademarks.

3.6. Pursuant to the recordal of the plaintiffs' trademark rights under the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007 (the Customs Rules), the plaintiffs received several alerts from the Customs Authorities in relation to unauthorised imports of goods bearing the Western Digital trademarks by a number of third parties.

3.7. The cause of action in the present suit arose on 9th September, 2019, when the plaintiffs' counsel received communication *via* email from the Deputy Commissioner of Customs, Special Investigation Branch (Port), Office of the Commissioner of Customs (Port), Kolkata, that Supreme Enterprise has *via* three Bills of Entry imported a number of hard disk drives including drives of Western Digital. The said notice invited the plaintiffs to join the proceedings to inspect the samples.

3.8. Thereafter, the plaintiffs' counsel responded to the said email on the same day and requested the Customs Authorities to provide the plaintiffs with copies of the three Bills of Entry, quantities of the drives imported and clear photographs of the impugned drives.

3.9. The plaintiffs' counsel upon reviewing the photographs, requested the Custom Authorities to hand over five sample drives, which according to the plaintiffs, were sold to various Original Equipment Manufacturers (OEM) in Hong Kong and Korea in the year 2011. The said request was allowed and the plaintiffs got the aforesaid sample drives analysed, which showed that two out of the five drives failed to read due to damage to their internal components and the testing on the remaining three drives proved that the same were used and second hand drives.



3.10. Accordingly, the present suit has been filed seeking relief of permanent injunction along with other ancillary reliefs.

PROCEEDINGS IN THE SUIT

4. Summons in the present suit was issued on 21st October, 2019. On the same date, this Court granted an *ex parte ad* interim injunction in favour of the plaintiffs restraining the defendant from infringing the Western Digital trademarks of the plaintiffs. This Court also appointed a Local Commissioner to visit the Office of the Commissioner of Customs (Port), Custom House, Kolkata to inventorize the goods bearing the Western Digital trademarks and take the said goods in his notional custody. The relevant paragraphs 10 and 13 of the said order are set out below:

“10. Consequently, until the next date of hearing, the defendant is restrained from importing, selling, offering for sale, or otherwise dealing in the products bearing the plaintiffs’ registered trademark



, “WESTERN DIGITAL” and/or “WD”, under nos. 1345682, 1349235 and 1325732.

13. Consequently, Mr. Vedit Gupta, Advocate (Mob: 9910995511) is appointed as a Local Commissioner to visit the Office of the Commissioner of Customs (Port), Custom House, 15/1, Strand Road, Kolkata - 01, and take the goods bearing the plaintiffs’ registered



trademarks, “WESTERN DIGITAL” and/or “WD”, which have been imported by the defendant under Bills of Entries No. 4048782, 4337816, and 4609440, make an inventory and take the goods into notional custody. The Local Commissioner is directed to visit the location designated by the defendant, where the said goods are thereafter stored. After the Local Commissioner takes custody of the goods, they will be handed over to the defendant or his



representatives, or his Customs House Agent (CHA) on superdari, on their undertaking not to deal in the same and to produce them before Court, as and when required. The Customs Authorities are directed to render the assistance required by the Local Commissioner for the execution of this Commission. Any demurrage or other charges payable to the Customs authorities will be paid by the defendant.”

5. The Local Commissioner executed the commission on 29th October, 2019 at the aforesaid premises and seized around 7500 HDDs bearing the plaintiffs’ Western Digital trademarks, which are still lying in the customs warehouse under the custody of Customs House Agent.

6. The parties were referred to mediation by this Court but the same did not fructify as recorded in the order dated 26th November, 2020.

7. I.A. 38495/2024 was filed on 4th September, 2024 primarily on the ground that there has been a significant change in circumstances, on account of the judgment dated 21st May, 2024, delivered by the Coordinate Bench of this Court in *Seagate Technology LLC v. Daichi International*, 2024:DHC:4193.

CASE SET UP IN THE WRITTEN STATEMENT

8. The case set up by the defendant in the written statement is as under:

8.1. The defendant imported the subject goods in question upon payment of all duties, taxes and charges and in accordance with law.

8.2. The Central Board of Excise and Customs issued a Circular dated 8th May, 2012 permitting import of original/genuine products (not counterfeit or pirated) which are sold/acquired legally from abroad and imported in India by persons other than Intellectual Property Right holder without permission/authorisation of the Intellectual Property Right holder (colloquially known as parallel import/grey-market goods).



8.3. Once the plaintiffs admit that the goods have been lawfully sold, then the plaintiffs are estopped from claiming any infringement of trademark on subsequent sale of and/or dealing with those products.

8.4. The defendant imported the goods from the supplier abroad on an understanding that the goods are unused goods and as such the defendant reasonably believes that the goods in question are unused goods. It is averred that the defendant has lawfully acquired the goods in question and has not in any manner changed or impaired the same.

SUBMISSIONS ON BEHALF OF THE PLAINTIFFS

9. Ms. Shwetasree Majumder, counsel appearing on behalf of the plaintiffs, has made the following submissions:

9.1. The original underlying drives are not meant for consumer retail and have been made according to the specifications of the respective OEMs to whom they were sold. Hence, such tailor-made products may not be compatible with systems manufactured by other third parties.

9.2. The technical report by the plaintiffs' engineer revealed that many of the drives were not even readable (i.e. they were non-functional) and yet the defendant claimed that the drives were "new and unused" in its written statement and intended to sell them as "new and unused" products in the market. This was a clear deception of consumers at the cost of plaintiffs' goodwill and reputation.

9.3. Second hand goods under the plaintiffs' trademarks, which have not been "lawfully acquired", cannot be imported into India by the defendant. Such import and consequential sale amounts to infringement under Section 29(6) read with Section 30(4) of the Trade Marks Act, 1999 (hereinafter referred to as "the Trade Marks Act"). The term "lawful acquisition"



presupposes that:

- i. The goods are accurately identified as second-hand or refurbished.
- ii. The goods are accompanied by a Chartered Engineer's certificate which certifies that there is 80% life still left in them.
- iii. The goods are compliant with local laws such as the Legal Meterology Act, which mandates that all products that are sold in retail packaging must contain the full name, official address, telephone number and email ID of the manufacturer. However, such compliance on the part of the defendant would non-consensually bound the plaintiffs to provide customer support for the impugned products.

Since the defendant is an importer, the onus to prove lawful acquisition is on the defendant.

9.4. Judgment in ***Daichi*** (Supra) is not applicable to the present case and is distinguishable on facts. The defendants in ***Daichi*** (Supra) were resellers and not importers like in the present case. Hence, the Coordinate Bench in ***Daichi*** (Supra) did not address arguments on the question of infringement arising out of the import of infringing goods under Section 29(6) of the Trade Marks Act.

9.5. The defence under Section 30(3) of the Trade Marks Act does not apply as the condition of the goods was impaired after they were put in the market. As a result, the goods ceased to be the same goods which were put on the market by the registered proprietor and in such cases, the registered proprietor is permitted to oppose further dealing in the said goods. Reliance in this regard has been placed on ***Kapil Wadhwa v. Samsung Electronics Co. Ltd.***, 2012:DHC:6136:DB.



9.6. The directions in paragraph 116(i) and (ii) in the ***Daichi*** (Supra) judgment permits sellers of refurbished HDDs to use the plaintiffs' trademark on the packaging as a word mark to identify that the HDDs were manufactured by the plaintiffs. However, this direction is directly contrary to the provisions of Trade Marks Act, specifically Section 29(2) of the Trade Marks Act. Further, the direction in paragraph 116(vii) in the ***Daichi*** (Supra) judgment permits the sellers of refurbished products to use plaintiffs' registered trademark in promotional material which is contrary to the aforesaid provision and also Section 29(6) and (7) of the Trade Marks Act.

9.7. The reliance of the defendant on ***Xerox Corporation v. Shailesh Patel***, CS (OS) 2349 of 2006 is misplaced. The defendant in ***Xerox*** (Supra) clearly represented that the goods were not new but second hand, both at the time of importation as well as at the time of subsequent sale. However, the said judgment is distinguishable on facts.

SUBMISSIONS ON BEHALF OF THE DEFENDANT

10. Mr. Sidharth Chopra, counsel appearing on behalf of the defendant, has made the following submissions:

10.1. In ***Daichi*** (Supra), it has been clarified that genuine goods can be imported, refurbished and resold with 'full disclosure'. Right to import and sell such goods flows from the principle of international exhaustion under Sections 30(3) and (4) of the Trade Marks Act. It emphasized that there is no statutory bar against the import of discarded or end-of-life goods into India and that import and resale thereof is permissible so long as there is no misrepresentation with respect to the goods' warranty, serviceability, life, etc.

10.2. Mere resale of second-hand goods does not constitute trademark



infringement, and trademark rights do not extend to blocking lawful secondary markets.

10.3. The defendant herein has not tampered with or rebranded the imported HDDs/ impugned goods, which are admittedly genuine goods sourced from authorized OEM suppliers abroad. In fact, there was no occasion for the defendant to tamper with the said impugned goods, given that they were confiscated by the concerned Customs Authority and never came to be in the defendant's possession.

10.4. The judgment in ***Daichi*** (Supra) is a logical extension and reaffirmation of the ratio laid down by Division Bench of this Court in ***Kapil Wadhwa*** (Supra). Although, ***Kapil Wadhwa*** (Supra) did not deal with a situation involving goods which have incurred wear and tear/ used goods, the judgment in ***Daichi*** (Supra) correctly adopts its rationale and applies it to the context of refurbished electronic components.

10.5. The plaintiffs' contention herein that the judgment in ***Daichi*** (Supra) did not involve the issue of importation is equally misconceived. From the outset, the judgment records that the impugned goods i.e. hard drives were imported into India by various importers, including Cubicor Information Systems Pvt. Ltd., identified explicitly as an importer.

10.6. The defendant has not sold or placed the impugned goods in the Indian market, nor has he misrepresented to members of the public/ consumers that the goods are new or that resale thereof has been authorized by the plaintiffs. The defendant is also willing to ensure full disclosure at the time of any resale, clearly identifying the goods as refurbished and not backed by any warranty or guarantee from the plaintiffs.

10.7. The plaintiffs have not provided any evidence to show actual market



confusion, harm to consumer perception, or loss of market share due to the defendant's import. *Per contra*, the defendant has suffered and is continuing to suffer irreparable harm, on account of, *inter alia*, considerable financial hardship owing to demurrage charges which have accrued since the injunction order.

ANALYSIS AND FINDINGS

11. I have perused the material on record and heard the submissions made on behalf of the parties.

12. Since both sides have placed reliance on the judgment of the Division Bench of this Court in ***Kapil Wadhwa*** (Supra), it may be useful to refer to the said judgment.

13. In ***Kapil Wadhwa*** (Supra), the appellants/defendants (hereinafter referred to as “defendants”) were purchasing from the foreign market, printers manufactured and sold by the respondent no.1/plaintiff under the trademark ‘SAMSUNG’ and after importing the same into India, were selling the product in the Indian market under the said trademark.

14. Plaintiffs/ respondents (hereinafter referred to as “Samsung”) filed the suit that this act of the defendants amounted to infringement of their registered trademark in India and also caused injury to the consumers in India who were led to believe that they were purchasing an authorized Samsung product in India, sold with the permission of Samsung. The learned Single Judge granted interim injunction in favour of Samsung. Thereafter, the matter was taken in appeal by the defendants.

15. In paragraphs 70 and 71 of ***Kapil Wadhwa*** (Supra), the Division Bench held that sub-Section (3) of Section 30 would cover sale in international markets and that Indian Trade Mark law adopts the principle of



international exhaustion of intellectual property rights. The said paragraphs are set out below:

“70. This is also an indication of India adopting the Principle of International Exhaustion of Rights in the field of the Trade Mark Law.

71. We accordingly conclude that ‘the market’ contemplated by Section 30(3) of the Trade Marks Act 1999 is the international market i.e. that the legislation in India adopts the Principle of International Exhaustion of Rights.”

16. On the aspect of impairment envisaged in sub-Section (4) of Section 30 of the Trade Marks Act, the Division Bench observed as under:

“72. That leaves the last submission of the respondents, that in view of Section 30(4) they are entitled to oppose further dealings by importers of their printers to India.

*73. It is not the case of the respondents that the appellants are changing the condition of the goods or impairing the goods which are put in the foreign market by respondent No. 1 or its subsidiary companies abroad. What is pleaded is that the physical features of the printers sold abroad are different from the features of the printers sold in India. But this is irrelevant as long as the goods placed in the International market are not impaired or condition changed. It is pleaded that the respondents have no control pertaining to the sale, distribution and after sales services of its goods which are imported by the appellants and sold in India. **Now, the Principle of International Exhaustion of Rights itself takes away the right of the respondents to control the further sale and further distribution of the goods. With respect to after sales services, since the respondents do not warranty anything regarding their goods sold abroad, but imported into India and further sold, they not being responsible for the warranty of those goods, nothing turns thereon, as regards said plea.** There may be some merit that the ordinary consumer, who is provided with warranties and after sales by the appellants, on not receiving satisfactory after sales service, may form a bad impression of the product of the respondents and thus to said extent one may recognize a possible damage to the reputation of the respondents pertaining to Samsung/SAMSUNG printers and Samsung/SAMSUNG products sold in*



India after importation. But, this can be taken care of by passing suitable directions requiring the appellants to prominently display in their shop that the Samsung/SAMSUNG printers sold by them are imported by the appellants and that after sales services and warranties are not guaranteed nor are they provided under the authority and control of the respondents and that the appellants do so at their own end and with their own efforts. This would obviate any consumer dissatisfaction adversely affecting the reputation of the respondents, and thus if this is done, the respondents can claim no legitimate reasons to oppose further dealing in Samsung/SAMSUNG products in India.

*75. The appeal is partially allowed. Impugned judgment and order dated February 17, 2012 is set aside insofar the appellants have been restrained from importing printers, ink cartridges/toners bearing the trade mark Samsung/SAMSUNG and selling the same in India. The appellants shall continue to remain injuncted from meta-tagging their website to that of the respondents. But, while effecting sale of Samsung/SAMSUNG printers and ink cartridges/toners, the respondents shall prominently display in their showrooms that the product sold by them have been imported from abroad and that the respondents do not give any warranty qua the goods nor provide any after sales service and that the warranty and after sales service is provided by the appellants personally. The appellants would prominently display in their showrooms:
Samsung/SAMSUNG Products sold are imported into India and SAMSUNG (KOREA) does not warranty the quality of the goods nor provides any after sales service for the goods. We warranty the quality of the goods and shall provide after sales service for the goods."*

[Emphasis supplied]

17. Accordingly, the Division Bench partially allowed the appeal filed by the defendants with a direction that required the defendants to prominently display in their shop that the Samsung printers sold by them are imported by the defendants and that after sales services and warranties are not guaranteed nor they are provided under the authority and control of Samsung. This



direction was passed to obviate any consumer dissatisfaction adversely affecting the reputation of Samsung.

18. From a reading of the Division Bench judgment in ***Kapil Wadhwa*** (Supra), the position which emerges is that import and resale of goods bearing the trademark of the registered proprietor is permissible as long as the condition of said goods is not changed or impaired.

19. In ***Daichi*** (Supra), a Coordinate Bench of this Court was dealing with six suits, alleging trademark infringement in respect of hard disk drives (HDDs) that were imported into India. Out of the six suits, one of the plaintiffs in three suits being CS(COMM) 168/2024, CS(COMM) 191/2024 and CS(COMM) 192/2024, was the plaintiff herein, Western Digital Technologies.

20. Relying upon the judgment of the Division Bench in ***Kapil Wadhwa*** (Supra), the Coordinate Bench observed as under:

“71. It is an admitted position that these refurbished HDDs sold by the defendants were originally manufactured by either Seagate or WD, were sold to OEMs, and these products became “end-of-life” when the warranty expired.

72. Terming a product as “end-of-life” did not mean that it was not functional, since any solid-state device (as the HDD was) was not inherently a perishable product. Plaintiffs did not advert to any agreement with their OEMs, in order to respond to the Court’s query, as to whether they had introduced clauses in the said agreements prohibiting OEMs from discarding end-of-life HDDs and enforcing penalty/damages, if there was a breach of such term.

73. This, in the Court’s opinion, could have been the “nip-in-the-bud” solution to ensuring that end-of-life HDDs are not distributed in the market, refurbished or otherwise, and are disposed of as part of a regulated process, if indeed the plaintiffs are so aggrieved. It was evident from the submissions that the manufacturers had no control



*once their HDDs were embedded in the electronic equipment, since the integrated equipment itself along with the HDDs was sold with the composite integrated warranty by the OEM, or distributors/sellers down the line. **It was not the plaintiffs' case that their warranty on the HDDs was held out to the ultimate consumer of the equipment, hence the umbilical cord of the manufacturer with the HDDs, would arguably sever at that stage of equipment integration.***"

[Emphasis supplied]

21. The Court also held that there was no rule, regulation or policy that prohibited import of discarded HDDs into India. The relevant observations are set out below:

*"74. **Notably, despite queries by the Court, counsel for the plaintiffs were not able to produce any rule, regulation or policy which prohibited import of discarded HDDs/equipment into India.** While allusions were made to the fact this would be an undesirable importation, no document was adverted to in order to substantiate that indeed this importation would be illegal, or that these discarded HDDs are arriving in India through illegal channels, or that there is a policy which prohibits, restricts or discourages such imports."*

[Emphasis supplied]

Consequently, the Court held that further sale of the imported goods to refurbishers was not barred by law.

22. The aforesaid observations in ***Daichi*** (Supra) are fully applicable in the present case as well, as indicated below:

- i. The plaintiffs have not denied that the HDDs imported by defendant were originally manufactured by them and they were legitimately purchased by the defendant from plaintiffs' OEMs situated abroad.



- ii. There was no agreement between the plaintiffs and the said OEMs which prevented sale of these second-hand HDDs.
 - iii. The warranty that may have been provided by the plaintiffs in the concerned jurisdiction would not be applicable to the imported goods.
 - iv. The plaintiffs have failed to produce any law or regulation that prevents import of second-hand HDDs into India.
23. On the aspect of trademark infringement, taking note of sub-Section (3) and sub-Section (4) of Section 30 of the Trade Marks Act, the Coordinate Bench has held as under:

“85. Section 30 provisions are essentially prescribing a limitation on the rights of a registered trademark proprietor. Section 30(3) is premised on three conditions: first, that the goods in question bear a registered trademark; second, that these goods are lawfully acquired by a person; and third, sale of these goods in the market or otherwise dealing those goods by that person. If these three conditions are satisfied then the trademark will not be deemed to be infringed in two prescribed situations: first, if the registered trademark is assigned by the registered proprietor to some other person, after the acquisition by a person of those goods, essentially that the registered proprietor has lost or given up its rights on the trademark; and second, the registered proprietor itself has put goods on the market or they have been put out with its consent.

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*89. This aspect also appeals to this Court considering that it resonates and is aligned with Section 30(4). **Section 30(4) is an exception to Section 30(3), and excludes its applicability in a situation where the condition of the goods has been changed or impaired, after they are put in the market.** Essentially, it entails that the goods have entered into the market along with the registered mark but since its condition has been changed or impaired, which would include the removal of the original trademarks, Section 30(3) could not apply. This*



interpretation of the third pre-condition of Section 30(3) and the express provision under Section 30(4), excepting out goods which are changed or impaired, settles into a sensible and logical construct.”

[Emphasis supplied]

24. ***Kapil Wadhwa*** (Supra) was not a case where the defendants were refurbishing the imported goods. In the said case, the imported goods were sold on an ‘as is’ basis. In ***Daichi*** (Supra), the Coordinate Bench extended the reasoning and rationale adopted in ***Kapil Wadhwa*** (Supra) to cases involving refurbishment of imported products (HDDs). The relevant observations of the Coordinate Bench with regard to sale of refurbished goods as given in paragraphs 111-114 are set out below:

“111. Refurbished, secondhand, pre-owned goods exist in most countries of the world since it caters to a different market, that of a lesser paying customer. Originally manufactured goods, with their mint new warranty, are obviously sold at the maximum retail price and will be bought by people who require them and are ready to pay for them, which is the market of the manufacturer/ authorized distributor/ wholesaler/ retailer. Once the sale has happened and the warranty period attached to the goods is exhausted, none of these entities i.e. manufacturer/ OEM/ wholesaler/ distributor/ retailer in the chain would be liable for any repair or servicing. Of course, if the retailer for purposes of promoting its sale, decides to give an additional warranty over and above the manufacturer’s warranty or the OEM’s warranty, that will only be a sales incentive.

112. Post exhaustion of warranty, none of these entities i.e. manufacture/OEM/ wholesaler/ distributor/ retailer have any liability or responsibility of the state of those goods, unless of course, there is a mandate under any law, regulation or policy of managing their disposal. In a situation where such policy or regulation does not exist, or even if it exists but does not impose conditions on the manufacturer, the umbilical cord is cut and the goods are in an untethered space. This is exactly where the principle of exhaustion comes into play; therefore, under



Section 30(3)(b), the registered owner/manufacturer has no right to object to any dealing.

113. The only caveat is in Section 30(4) where, if the marks are removed from the original product or it is disfigured or changed in a manner that possibly amounts to ‘change’ or ‘impairment’, and when such goods are sold as goods identified with the manufacturer, the manufacturer’s right kicks in to prevent the same. This is obviously to prevent the loss of reputation and goodwill of the manufacturer, since a consumer may potentially purchase that product thinking that the changed/impaired product is from the manufacturer.

114. This is where the necessity of “full disclosure” becomes critical from the customer’s perspective. If there is “full disclosure” by the refurbisher that the change has been done by the refurbisher and does not, therefore, resemble the original product, as doled out by the manufacturer, inter alia, in terms of warranty, serviceability, life, manuals and brochures - then consumers are fully warned as to what they are purchasing. The consumer gets “the whole truth”. The mandate of the “whole truth” is not only alive in the interstices of Section 30(3) and Section 30(4), but also expressly dealt with in both *Champion Spark Plug (supra)* and *Kapil Wadhwa (supra)*. *Ld. Amicus’* submissions also suggests the “whole truth” principle and, therefore, informs our conclusion.”

[Emphasis supplied]

25. In light of the aforesaid conclusion, the Coordinate Bench passed the following directions in respect of sale of refurbished goods:

“116. Basis this analysis and discussion, the Court deems it fit to pass the following directions for sale of refurbished goods by the defendants. The defendants will be permitted to sell the refurbished HDDs, provided they comply with the following:

- (i) **Packaging to identify the source of the product:** Packaging in which the refurbished product is sold, will clearly indicate that the HDD is manufactured by the concerned plaintiffs (Seagate or WD as the case may be). This may be displayed in a manner not to deceive the customer that the sale itself is of the original



- Seagate or WD i.e. it should be clear, but not dominating the packaging.*
- (ii) **Reference to the original manufacturer is to be made through their word mark and not the device mark:** *Reference to the plaintiffs should be through their word marks as in “Seagate” or “WD”, as the case may be. Defendant shall not use plaintiffs’ logos, in order to not cause any deception to the consumer.*
 - (iii) **Packaging must specify that there is no original manufacturer’s warranty:** *A clear statement must be made to the effect that there is no manufacturers’ warranty or service by (Seagate or WD, as the case may be) on this product.*
 - (iv) **Packaging must specify that the product is “Used and Refurbished”:** *A prominent statement on the front of packaging to the effect that the product is “Used and Refurbished” by the concerned defendants (Consistent or Geonix or Daichi, as the case may be)*
 - (v) **Statement as to extended warranty by the Refurbisher:** *A clear and prominent message that the warranty or service of specified years is being provided by the concerned defendants (Consistent or Geonix or Daichi, as the case may be), along with customer care details and contacts.*
 - (vi) **Packaging must reflect an accurate description of the features:** *An accurate, truthful, precise description of features and purpose of the refurbished product, without any misleading, half-truth, deceptive, ambiguous statements (which could potentially mis-inform the consumer as to the features of the product and the purposes for which it could be used).*
 - (vii) **All of the above should also be complied with by the defendants on promotional literature, website, e-commerce listings, brochures and manuals.”**

26. An appeal has been preferred against the judgment in ***Daichi*** (Supra), which is pending before the Division Bench of this Court. However, I am informed that there is no stay of the judgment passed by the learned Single Judge.

27. The legal position that emerges from reading of the judgment of the



Division Bench in *Kapil Wadhwa* (Supra) and the Coordinate Bench in *Daichi* (Supra) is that there is no statutory bar against the import of ‘end-of-life’ goods in India. Any person in India has the right to legally import goods from abroad bearing the trademarks of an entity and sell the same in India. The principle of international exhaustion is duly recognized under Section 30(3) and 30(4) of the Trade Marks Act. The only caveat which the aforesaid judgments seek to place on such importers is that there should be a complete disclosure as to the facts that the goods are second hand goods and are not covered by the original manufacturer’s warranty. In terms of *Daichi* (Supra), even refurbished goods can be sold with proper disclosure.

28. Counsel for the plaintiffs has submitted that the import and consequential sale by the defendant amounts to infringement under Section 29(6) of the Trade Marks Act. No doubt, in terms of Section 29(6) of the Trade Marks Act, the use of a registered mark in the context of import would amount to infringement, however, this would be subject to defence available under sub-Section (3) of Section 30 of the Trade Marks Act, which permits a party to lawfully import goods from abroad bearing the trademarks of a registered proprietor and selling the same in India.

29. Applying the aforesaid legal position in the facts of the present case, it is an undisputed position that the defendant herein was an importer of second-hand goods from abroad, purchased from OEMs of the plaintiffs. It is not the case of the plaintiffs that the goods imported by the defendant were not genuine goods. Before the imported goods could be released to the defendant, the present proceedings were initiated by the plaintiffs which resulted in the goods being seized at the customs clearance stage. The goods were taken into custody and have ever since been lying at the customs



warehouse.

30. Since the imported goods never reached the defendant, it cannot be ascertained as to whether the aforesaid imports were made by the defendant for the purposes of reselling directly or indirectly, or the intention of the defendant was to refurbish the goods and sell the same further. Therefore, it cannot be said that the defendant has made any misrepresentation to the public at large or the consumers with regard to the status of the goods.

31. Counsel for the plaintiffs has sought to distinguish the judgment of the Coordinate Bench in ***Daichi*** (Supra) on the ground that the defendants in the said case were not involved in the importation of goods. To counter this submission, counsel for the defendant has drawn attention of the Court to paragraph 8 of the judgment in ***Daichi*** (Supra), where it has specifically been noted that the defendant ‘Cubicor’ (in the suit filed by ‘Seagate’) was an importer of the HDDs. Reference may also be made to paragraph 12 of the judgment in ***Daichi*** (Supra) which contains a flowchart of the transactions in question, which includes import and subsequent sale to refurbisher, before eventually selling the goods to the consumers.

32. Similarly, paragraphs 30 and 31 of the judgment in ***Daichi*** (supra) notes the submission of counsel for the plaintiffs therein that the defendants were misrepresenting that the refurbished HDDs were brand new and unused, similar to the submission made on behalf of counsel for the plaintiffs herein.

33. Counsel for the defendant has drawn attention of the Court to the order passed in ***Xerox Corporation*** (Supra) wherein the defendant was importing second-hand goods. Based on a settlement arrived at between the parties, the following directions were passed:



“5. During the pendency of the suit and in the course of arguments, the parties have agreed to compromise / settle the disputes in the following manner:-

1) **The defendants, who are importers and resellers, shall affix the following disclosure on each of the second hand Xerox machines imported / sold by them:-**

i) **Second hand and used machine not imported directly from Xerox Corporation or any of its affiliates;**

ii) **Not serviced or maintained by Xerox Corporation or any of its affiliates;**

iii) **This machine has been sold exactly as received by the importer / reseller. It has not been altered in any way or examined for operatibility or completeness by the importer / reseller. No part or any accessories have been added or removed by the importer / reseller.**

iv) **This machine is not covered by any guarantee or warranty from Xerox Corporation or any of its affiliates.**

2) The aforesaid disclosure shall appear prominently on each of the second hand machines at a prominent place in the front of the machines where the word Xerox appears on the machines so that the same can be easily viewed by customers. The disclosures shall be permanently affixed on the machines.

3) The same disclosure shall also be incorporated in publicity materials, manuals, advertising and other communications to the public by the defendants in respect of the said Xerox machines.

4) **In case, after importation, any changes to the said machines are made by the defendants, the mark “Xerox” shall be removed from them before further sale / use so as to indicate to the purchasers / users that the machines are not Xerox machines.**

5) Once the said disclosure has been affixed on the machines by the importers and / or the resellers, the other defendants (jobbers / photocopying shops) shall not remove or obliterate the same.”

[Emphasis supplied]



34. The aforesaid disclosures are broadly in line with paragraphs 73 and 75 of ***Kapil Wadhwa*** (Supra) as set out above.

35. Mr. Sidharth Chopra, counsel appearing on behalf of the defendant submits that the defendant is willing to abide by the aforesaid disclosure norms set out above in respect of all the imports made.

36. In my considered view, the defendant cannot be denied the benefit of the judgment in ***Kapil Wadhwa*** (Supra) and ***Daichi*** (Supra) insofar as future imports are concerned.

37. In case the defendant wishes to resell the imported goods without refurbishment, the defendant would be free to import second-hand goods or ‘end-of-life’ goods bearing the trademarks of the plaintiffs, while adhering to the disclosure norms in ***Xerox Corporation*** (Supra) as set out above. However, in the event the goods are refurbished and subsequently sold in the market, the disclosure norms given in paragraph 116 of ***Daichi*** (Supra) would apply *mutatis mutandis* in respect of goods imported by the defendant and sold after refurbishment.

38. Insofar as the goods already imported by defendant are concerned, it is an admitted position that they are still lying in a customs warehouse since the time of their import. This Court, while passing an *ex parte* interim order dated 21st October, 2019, has specifically provided that the demurrage or other charges payable to Custom Authority, shall be paid by the defendant.

39. In light of the discussion above, the goods seized by the Local Commissioner and now lying with the Custom Authority are permitted to be released to the defendant, subject to the defendant filing an undertaking that the said goods shall be sold only as scrap after removing all marks of the plaintiffs. The defendant shall be free to pursue his remedies that may be



2025:DHC:3844



available in law with regard to demurrage charges payable to the customs.

40. Accordingly, both the applications stand disposed of in the aforesaid terms.

41. Needless to state, any observations made herein are only for the purpose of adjudication of the aforesaid applications and would have no bearing on the final outcome of the suit.

CS(COMM) 586/2019

42. List the suit along with pending applications on 15th September, 2025.

AMIT BANSAL, J

APRIL 21, 2025

kd