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

+ **CS(COMM) 359/2016**

WESTERN DIGITAL TECHNOLOGIES, INC., & ANR.

..... Plaintiffs

Through: Mr. Rajeev Virmani, Sr. Adv. with
Ms. Shwetasree Majumdar, Mr.
Prithvi Singh, Ms. Tanya Varma and
Mr. Vishnu Rege, Advocates.

versus

AMIT TANNA & ORS.

..... Defendants

Through

CORAM:

HON'BLE MR. JUSTICE VALMIKI J. MEHTA

ORDER

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19.04.2016

I.A.No.4677/2016(Exemption)

Exemption allowed subject to just exceptions.

I.A stands disposed of.

**CS(COMM) No. 359/2016 & I.A Nos. 4675/2016(stay) & 4676/2016(U/o
11 Rule 1(4) CPC)**

1. This suit is filed by the plaintiffs who are the manufacturers and sellers *inter alia* of storage devices, media players, routers/switches/bridges under the trademark 'Western Digital' and/or WD Logo. The disputes in the present case pertain only/with respect to storage devices, commonly called



as hard drives of a system. The case of the plaintiffs is that the defendant no.2 is an importer of computer hard drives with defendant no.3 being the trader and retailer of the same, and both of which defendants operate from the same premises. Defendant no.1 is the agent of defendant nos. 2 and 3 who undertakes the task of importing the hard drives for defendant nos. 2 and 3.

2. Plaintiffs plead that they received a phone call from defendant no.1 on 12.4.2016 that a consignment of the defendants of Western Digital hard disk drives had been stopped at the point of import by the customs authorities in the city of Ahmedabad under the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007 and that the defendants claimed that the hard drives were genuine hard drives of the plaintiffs and therefore defendants requested the plaintiffs to give no objection so that the consignment in question could be released by the customs authorities.

3. The case of the plaintiffs as per the plaint is that on running a search in their records it has transpired that the hard drives in question imported by the defendants for the purpose of their further selling are either counterfeit products or they are those products which the plaintiffs sold to Original Equipment Manufacturers (OEMs) who incorporate the hard drives



into their system/computers for further selling of the systems/computers. Plaintiffs further claim that the products in question could also be second hand products imported in the guise of original products.

4. The case of the plaintiffs is that defendants are selling the impugned products at heavily discounted rates and by giving an impression as if the impugned products, if genuine and originating from the plaintiffs, are covered under the manufacturer's warranties i.e of the plaintiffs.

5. Plaintiffs claim that the actions of the defendants are violative of Sections 30(1) and 30(4) of the Trade Marks Act, 1999 assuming that the products which are being sold by the defendants originate from the plaintiffs, and by relying on these sections it is argued that the defendants are legally prevented from selling the goods of the plaintiffs bearing the trademark 'Western Digital' and/or WD Logo of the plaintiffs. The main grievances and legal rights of the plaintiffs are pleaded as per various sub paras of para 29 of the plaint.

6. Before this Court learned senior counsel appearing for the plaintiffs has very vehemently argued that the defendants are liable to be restrained in a blanket manner and completely from selling the impugned products either because they would be counterfeit products or if they are



original products of the plaintiffs, then they are being sold in violation of Sections 30(1) and 30(4) of the Trade Marks Act, 1999 because there is lack of honest practice of the defendants in commercial matters because the website of the defendants give a hyper link redirecting the customers to the website of the plaintiffs so as to give an impression that the products are covered under the manufacturer's warranty of the plaintiffs or there is violation on account of goods being impaired either physically or by change of packaging and which is covered as per the ratio of the Division Bench judgment of this Court in the case of ***Kapil Wadhwa & Ors. Vs. Samsung Electronics Co. Ltd. & Anr., 2013(53) PTC 112 (Del.) (DB)***. Para 68 of this judgment is relied upon and this para reads as under:-

“68. With reference to sub-section 4 of Section [30](#) of the Trade Marks Act 1999 it would be relevant to note that further dealing in the goods placed in the market under a trade mark can be opposed where legitimate reasons exist to oppose further dealing and in particular where the condition of the goods has been changed or impaired. With respect to physical condition being changed or impaired, even in the absence of a statutory provision, the registered proprietor of a trade mark would have the right to oppose further dealing in those goods inasmuch as they would be the same goods improperly so called, or to put it differently, if a physical condition of goods is changed, it would no longer be the same goods. But, sub-section 4 of Section [30](#) is not restricted to only when the conditions of the goods has been changed or impaired after they have been put on the market. The section embraces all legitimate reasons to oppose further dealings in the goods. Thus, changing condition or impairment is only a specie of the



genus legitimate reasons, which genus embraces other species as well. What are these species? (i) Difference in services and warranties as held in the decisions reported as **423 F.3d 1037 (2005) SKF USA v International Trade Commission & Ors.**; **35 USPQ2d 1053 (1995) Fender Musical Instruments Corp. v. Unlimited Music Center Inc.**; **589 F. Supp. 1163 (1984) Osawa & Co. v. B&H Photo.** (ii) Difference in advertising and promotional efforts as held in the decisions reported as **70 F.Supp 2d 1057 PepsiCo Inc v Reyes**; **589 F. Supp. 1163 (1984) Osawa & Co. v. B&H Photo.** (iii) Differences in packaging as held in the decision reported as **753 F. Supp. 1240 (1991) Ferrerro USA v. Ozak Trading.** (iv) Differences in quality control, pricing and presentation as held in the decision reported as **982 F.2d 633 (1992) Societe Des Produits Nestle v. Casa Helvetia.** (v) Differences in language of the literature provided with the product as held in the decisions reported as **423 F.3d 1037 (2005) SKF USA v International Trade Commission & Ors.**; **70F.Supp 2d 1057 PepsiCo Inc v Reyes**; **816 F.2d 68, 76 (2nd Cir. 1987) Original Appalachian Artworks Inc. v. Granada Electronics Inc.”**

7. I have repeatedly put to the learned senior counsel for the plaintiffs to show me the bills by which the plaintiffs claim to have sold the impugned hard drives to the OEMs, and which were required for buttressing the contention of the plaintiffs that OEMs cannot further resell these hard drives. Learned senior counsel for the plaintiffs states that on the record as of today no bills have been filed by the plaintiffs whereby OEMs when they were sold the hard drives by the plaintiffs, were restricted from further selling the hard drives sold by the plaintiffs to the OEMs.

8. I have also put it to learned senior counsel for the plaintiffs that



plaintiffs themselves in the plaint have set up alternative cases that either the products could be counterfeit or the products could be genuine but are being sold beyond the expiry of the warranty period, and therefore, this Court was inclined to give a limited interim order of injunction whereby the defendants before selling the products would be directed not to sell the products as if they bear the manufacturers'/plaintiffs warranties for the products and also that there should be no hyper link on the website of the defendants to redirect the customers/purchasers of products to the website of the plaintiffs. Learned senior counsel for the plaintiffs however insisted, on instructions, that defendants be restrained from selling the goods in a blanket manner and also that the defendants should not be allowed to get the goods released from the customs authorities because the plaintiffs would not be satisfied with the limited injunction order.

9. I may note that this Court was inclined to issue notice of about 10 days to two weeks so as to call upon the defendants, of course with the direction to be passed today of goods in question not being sold as if they are covered under the plaintiffs' warranties so that the issue could have been looked at in the presence of the defendants, however, it is insisted on behalf of the plaintiffs that the *ex parte* order of complete and blanket injunction



against the defendants be passed from selling the impugned products.

10. I have gone through the provisions of Sections 30(1), (3) and (4) of the Trade Marks Act, 1999 and para 68 of the judgment in the case of ***Kapil Wadhwa (supra)***, keeping in mind that the question today is of grant of *ex parte* order in the present case where the plaintiffs have failed to demonstrate that there is a prohibition upon OEMs who have purchased the hard drives from the plaintiffs to further sell the same to third parties. Also, *dehors* this aspect, the issue as to whether the plaintiffs are entitled to the benefit of Sections 30(1) and 30(4) of the Trade Marks Act, 1999, it is noted that these sections cannot be used for granting blanket *ex parte* injunction order in favour of the plaintiffs for various reasons. Firstly, the direction which is today given by this Court that the products which would be sold by the defendants would be sold so that they are not covered under the manufacturer's warranties/plaintiffs' warranties would be sufficient at this *ex parte* stage, but, that aspect is not acceptable to the plaintiffs. Secondly, this Court was also further inclined to direct the defendants not to have a hyper link on their website so as to redirect their customers to the website of the plaintiffs but this aspect is also not acceptable to the plaintiffs. Thirdly, whether in fact there is change of packaging or impairment of goods as valid



aspects in the facts of the present case will have to be seriously examined because *ipse dixit* of the plaintiffs at this stage cannot be accepted because plaintiffs in the plaint themselves have set up alternative cases of the goods being genuine or impugned goods being counterfeit or possibly the impugned goods having been impaired ie plaintiffs themselves are not very sure that their case falls under which specific head, and for which additional reason a blanket order of injunction cannot be issued.

11. In view of the arguments urged on behalf of the plaintiffs, it is directed that the defendants while selling the products will not sell the products either by representing that they are covered under the manufactures warranties/plaintiffs' warranties. The defendants are also directed to give details of the products being sold including the original expiry date given by the plaintiffs whenever the defendants sell the products if they are products of the plaintiffs. Defendants are also directed not to have any hyper link or any other attachment on their website so as to indicate as if the sales being made by the defendants of the products of the plaintiffs have authorization of or are covered under the warranties of the plaintiffs. No blanket order of injunction however can be passed to give complete injunction against the defendants from selling the products once the defendants are otherwise



restrained in the manner as stated above.

12. Summons in the suit and notices in the I.As be issued to the defendants on filing of process fee both in the ordinary method as well as by registered AD post, returnable on 12th May, 2016.

13. Plaintiffs will comply with the provision of Order 39 Rule 3 CPC within three days from today.

Additional set dasti.

VALMIKI J. MEHTA, J

APRIL 19, 2016

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