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

% *Judgment Reserved on: September 07, 2012*

Judgment Pronounced on: October 03, 2012

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FAO(OS) 93/2012

KAPIL WADHWA & ORS. ...Appellants
Represented by: Mr.Saikrishna Rajagopal, Advocate
and Ms.Shwetaree Majumdar, Advocate.

versus

SAMSUNG ELECTRONICS CO. LTD. & ANR. ...Respondents
Represented by: Mr.Pravin Anand, Advocate and
Mr.Nischal Anand, Advocate.

CORAM:
HON'BLE MR. JUSTICE PRADEEP NANDRAJOG
HON'BLE MR. JUSTICE SIDDHARTH MRIDUL

PRADEEP NANDRAJOG, J.

1. The interesting issue, in the field of the Trade Mark law, which arises for consideration in the instant appeal has an immense bearing on trade and commerce in India. This perhaps is the reason why the learned Single Judge has laboriously dealt with the issues and has painstakingly coalesced the arguments and collaged the ratio of law in 30 judicial pronouncements. While chartering the voyage the learned Single Judge has steered the ship in the choppy waters guided by what he saw to be lighthouses. Since we are re-navigating the same waters, our job in appeal would be to see : Whether what were perceived to be lighthouses were actually mirages, and due to which, on the wrong belief that these were rocky areas, the course of the ship was steered in a wrong direction to reach a wrong port of destination.

2. The waters are that the respondents ('Samsung Electronics Company Ltd.' and 'Samsung India Electronics Pvt. Ltd.') are companies incorporated as per laws of Korea and India respectively; the latter being a subsidiary of the former. They are a part of 'Samsung Group of Companies' having 14 listed companies and 285 worldwide operations. The respondents manufacture and trade in electronic goods such as colour televisions, home appliances, washing machines, microwaves, air-conditioners, computers, printers & cartridges etc. The business is done under the brand-name/corporate-name using the Trade Mark 'SAMSUNG/Samsung'. In India, the first respondent has licensed the use of the Trade Mark 'SAMSUNG/Samsung' to the second respondent as per Trade Mark Agreement dated July 08, 2003 which has been filed for registration in the Trade Mark's Registry. The respondents are the registered proprietor/user of the Trade Mark as under:-

<u>Sl.No</u>	<u>TRADE MARK</u>	<u>CLASS</u>	<u>REGISTRATION NO.</u>
1.	Samsung	7	591127
2.	SAMSUNG	7	1055554
3.	Samsung	9	591128
4.	SAMSUNG	9	1055555
5.	Samsung	11	591126
6.	SAMSUNG	11	1055556
7.	SAMSUNG	7,9,11	1240403

The grievance of the respondents is that the appellants are purchasing, from the foreign market, printers manufactured and sold by respondent No.1 under the Trade Mark 'SAMSUNG/Samsung' and after importing the same into India are selling the product in the Indian market

under the Trade Mark 'SAMSUNG/Samsung' and are thereby infringing the registered Trade Mark of the respondents in India. Respondents allege that the appellants operate their website by meta-tagging the same to the website of the respondents. Respondents allege that not only this constitutes an infringement of their registered Trade Mark in India, but also allege injury caused to the consumer in India who may be paying less for the printers in question, but are misled to believe that they are purchasing an authorized Samsung product in India sold with the permission of the respondents, in ignorance of the fact that the printers imported and sold by the respondents are materially different to the ones which are sold in the Indian market by the respondents. The rival version pleaded by the appellants is that the act of importation and sale of printers in India is authorized and the sale in the Indian market is legal and valid inasmuch as the appellants sell the product as it is. The respondents highlight that their act of import and sale is beneficial to the Indian public evidenced by the fact that the respondents are able to sell the product at prices less than 30% to 50% of the compatible product sold by the appellants in India. The appellants bring home the point that the respondents do not manufacture the printers in India. Even they import the printers from abroad. To illustrate, a compatible product SCX-4623F/XSA, after importing in India is sold by the appellants for ₹9,500/- and the printer SCX-3201FN/XIP is sold by the respondents after importing the same into India for ₹18,999/-. To which stand of the appellants, the respondents plead that there is a difference in the features of the compatible products and highlight that the injury caused to the Indian consumer, who may pay less for a compatible product, is that the consumer buys the product of the appellant thinking that it is having the same features as that of the product sold by the respondents.

3. The issue pertains to what is popularly known as parallel-imports/grey-market goods.

4. The learned Single Judge has obviously held in favour of the respondents, who were the plaintiffs, and this explains the defendants being the appellants before us in an intra-Court appeal.

The port of destination:

5. Whether the Trade Marks Act 1999 embodies the International Exhaustion Principle or the National Exhaustion Principle when the registered proprietor of a Trade Mark places the goods in the market under the registered trade mark.

The port of destination reached by the learned Single Judge:

6. The Trade Marks Act 1999 embodies the National Exhaustion Principle.

The lighthouses seen by the learned Single Judge while chartering the voyage:

7. Section 29 and Section 30 of the Trade Marks Act 1999 fell for consideration and interpretation. They read as under:-

“29. Infringement of registered trade marks:- (1)

A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to the trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark.

(2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using

by way of permitted use, uses in the course of trade a mark which because of—

(a) its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or

(b) its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark; or

(c) its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark,

is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.

(3) In any case falling under clause (c) of subsection (2), the Court shall presume that it is likely to cause confusion on the part of the public.

(4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which—

(a) is identical with or similar to the registered trade mark; and

(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and

(c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

(5) A registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern dealing in goods or services in respect of which the trade mark is registered.

(6) For the purposes of this section, a person uses a registered mark, if in particular he—

(a) affixes it to goods or the packaging thereof;

(b) offers or exposes goods for sale, puts them **on the market**, or stocks them for those purposes under the registered trade mark, or offers or supplies services under the registered trade mark;

(c) imports or exports goods under the mark; or

(d) uses the registered trade mark on business papers or in advertising.

(7) A registered trade mark is infringed by a person who applies such registered trade mark to a material intended to be used for labelling or packaging goods, as a business paper, or for advertising goods or services, provided such person, when he applied the mark, knew or had reason to believe that the application of the mark was not duly authorized by the proprietor or a licensee.

(8) A registered trade mark is infringed by any advertising of the trade mark if such advertising—

(a) takes unfair advantage of and is contrary to honest practices in industrial or commercial matters; or

(b) is detrimental to its distinctive character; or

(c) is against the reputation of the trade mark.

(9) Where the distinctive elements of a registered trade mark consist of or include words, the trade mark may be infringed by the spoken use of those words as well as by their visual representation and reference in this section to the use of a mark shall be construed accordingly.

30. Limits on effect of registered trade mark:-

(1) Nothing in section 29 shall be construed as preventing the use of a registered trade mark by any person for the purpose of identifying goods or services as those of the proprietor provided the use—

(a) is in accordance with honest practices in industrial or commercial matters, and

(b) is not such as to take unfair advantage of or be detrimental to the distinctive character or repute of the trade mark.

(2) A registered trade mark is not infringed where—

(a) the use in relation to goods or services indicates the kind, quality, quantity, intended purpose, value,

geographical origin, the time of production of goods or of rendering of services or other characteristics of goods or services;

(b) a trade mark is registered subject to any conditions or limitations, the use of the trade mark in any manner in relation to goods to be sold or otherwise traded in, in any place, or in relation to goods to be exported to **any market** or in relation to services for use or available or acceptance in any place or country outside India or in any other circumstances, to which, having regard to those conditions or limitations, the registration does not extend;

(c) the use by a person of a trade mark—

(i) in relation to goods connected in the course of trade with the proprietor or a registered user of the trade mark if, as to those goods or a bulk of which they form part, the registered proprietor or the registered user conforming to the permitted use has applied the trade mark and has not subsequently removed or obliterated it, or has at any time expressly or impliedly consented to the use of the trade mark; or

(ii) in relation to services to which the proprietor of such mark or of a registered user conforming to the permitted use has applied the mark, where the purpose and effect of the use of the mark is to indicate, in accordance with the fact, that those services have been performed by the proprietor or a registered user of the mark;

(d) the use of a trade mark by a person in relation to goods adapted to form part of, or to be accessory to, other goods or services in relation to which the trade

mark has been used without infringement of the right given by registration under this Act or might for the time being be so used, if the use of the trade mark is reasonably necessary in order to indicate that the goods or services are so adapted; and neither the purpose nor the effect of the use of the trade mark is to indicate, otherwise than in accordance with the fact, a connection in the course of trade between any person and the goods or services, as the case may be;

(e) the use of a registered trade mark, being one of two or more trade marks registered under this Act which are identical or nearly resemble each other, in exercise of the right to the use of that trade mark given by registration under this Act.

(3) Where the goods bearing a registered trade mark are lawfully acquired by a person, the sale of the goods **in the market** or otherwise dealing in those goods by that person or by a person claiming under or through him is not infringement of a trade by reason only of—

(a) the registered trade mark having been assigned by the registered proprietor to some other person, after the acquisition of those goods; or

(b) the goods having been put **on the market** under the registered trade mark by the proprietor or with his consent.

(4) Sub-section (3) shall not apply where there exists legitimate reasons for the proprietor to oppose further dealings in the goods in particular, where the condition of the goods has been changed or impaired after they have been put **on the market.**”

8. It needs to be clearly stated that the discussion by the learned Single Judge is with respect to an action brought by a registered proprietor/user of a Trade Mark i.e. the plaintiffs plead a cause of action by relying upon the plaintiffs Trade Mark being registered with the Registrar of Trade Marks in India. We clarify that the action is for infringement and not one for passing off, in which territory of the law, as conceded to by learned counsel for the parties, different principles of law would apply.

9. The word '*market*' finds a place, five times, in Section 29(6)(b) : '*the market*'; Section 30(2)(b) : '*any market*'; Section 30(3) : '*the market*'; Section 30(3)(b) : '*the market*' and Section 30(4) : '*the market*'.

10. The reasoning of the learned Single Judge can be identified with reference to 6 lighthouses seen by the learned Single Judge and the ship steered accordingly. Ignoring the discussion in paragraphs 123 to 136 of the impugned judgment and the case law noted therein, where the appellants had latched on to an admission made by the plaintiffs/respondents in paragraph 17 of the replication that India follows the Principle of International Exhaustion, and the conclusion arrived at with reference to case law noted, that there cannot be any estoppel pleaded against a statute, a correct view taken by the learned Single Judge because an erroneous admission on a principle of law by a party would have no relevance while determining rights and liabilities incurred or acquired, in view of the axiomatic principle, without exception, that there cannot be an estoppel against a statute; and rightly did learned counsel for the appellants so concede in the appeal. We note the 6 lighthouses.

10 (i). The import of goods into India without the permission of the registered proprietor of the Trade Mark is governed by Section 29 of the

Trade Marks Act 1999 and this flows from a conjoint reading of Section 29(1) and Section 29(6) which require it to be held that when a person uses a Trade Mark in the course of import or export of goods, the same would be under the registered Trade Mark and thus the act of import is in clear and explicit terms of the two provisions, and would be infringement when import is made without the consent of the registered proprietor of the Trade Mark. (Refer paragraphs 19, 22 and 23 of the impugned decision).

10 (ii). Section 29 clearly suggests that the legislative intent is to put barriers on the free flow of goods in the world market inasmuch as the said Section contemplates both import as well as export of goods while enacting the statutory provisions pertaining to infringement of registered Trade Marks. (Refer para 26 of the impugned decision.)

10 (iii). Section 29(1) does not distinguish between the import of genuine and non-genuine goods. Thus, imports, whether of genuine or non-genuine goods would amount to infringement if not effected by the consent of the registered proprietor of the Trade Mark or the permissive right holder of the Trade Mark. (Refer paragraphs 28 and 30 of the impugned decision.)

(N.B. : In paragraph 35 of the impugned decision, the learned Single Judge has stated the conclusion i.e. reached a port mid-journey with reference to the three lighthouses afore-identified.)

10 (iv). In paragraph 38 that the learned Single Judge has clarified that he understood the beams of the light from the three lighthouses to mean the beam of import *in the course of trade* and not for personal use.

10 (v). Section 30(3) of the Trade Mark Act 1999 serves merely as an exception, by limiting some of the rights conferred upon the registered proprietor. It could not be read as giving an additional right to some other person to import, from the International market, even genuine goods and sell

them in the Indian market. (Refer paragraphs 40 to 44 of the impugned decision.)

10 (vi). Section 30(4)(a) suggests that the registered proprietor, the purchaser of the goods and the assignee must all co-exist within the same market, meaning thereby, it cannot be said that the lawful acquisition takes place in the International market and use of the Trade Mark takes place in some other market. Thus, the import of Section 30(4)(a) would also apply to Section 30(4)(b), resulting in the lighthouse being seen that if the Trade Mark is registered in one country, the goods bearing the registered Trade Mark can be lawfully acquired in that country alone. (Refer paragraph 68 of the impugned decision with reference to the discussion in paragraph 48 to 67.)

10 (vii). Once the goods have been lawfully acquired, sale of goods or further dealings have to be in the same market. This means the words '*in the market*' in Section 30(3)(b) means the domestic market and not any market i.e. the International market. The law of Trade Mark has territorial operation within the municipal limits of the country and exceptions must also be within the territorial bounds. (Refer paragraph 82 of the impugned decision.)

(N.B. : In paragraph 69 of the impugned decision, the learned Single Judge has stated the conclusion i.e. reached a port, mid-journey, with reference to the three lighthouses afore-identified to conclude that Section 30(3) and its sub-clauses (a) and (b) nowhere indicate that the concept of International Exhaustion is embodied therein.)

10 (viii). The right of the registered proprietor of the Trade Mark to oppose further dealings as per Section 30(4), which carves out an exception to the right under Section 30(3) in the context of legitimate reasons to oppose further dealing and in particular where the conditions of the goods has been changed or impaired after they have been put on the market by the registered

proprietor of the Trade Mark, has not to be understood as recognizing that the Indian statute embodies the principle of International exhaustion and the two provisions i.e. Section 30(3) and Section 30(4) operate in the domestic market i.e. goods are placed in domestic market by the registered proprietor of the Trade Mark and further dealing with the goods takes place by way of sale in the domestic market. (Refer paragraphs 88 to 96 of the impugned decision.)

(N.B. : In paragraph 94 of the impugned decision, the learned Single Judge has clarified that the foreign judgments on the subject of legitimate reasons to oppose further dealings, would thus not be relevant in the context of import, but would certainly be relevant for the purposes of gauging further dealing of the goods by a purchaser thereof in the domestic market and further sale in the domestic market.)

11. While understanding the direction in which the ship has to be steered, on seeing the lighthouses, the learned Single Judge has while discussing the rules of navigation held that Statements of Objects and Reasons in the bill which is introduced and ultimately finds expressed as an Act can only be invoked if there is an ambiguity in the language of the statute; and finding none, has held that no external aid could be taken from the Statement of Objects and Reasons to The Trade Marks Bill 1999; nor could any reference be made to articles showcasing the viewpoints, (probably lobbies exist), as can be gathered from the discussion by the learned Single Judge in paragraphs 104 and 108 to 113 of the impugned judgment.

12. On the principle of comity, i.e. language used in a foreign statute, and with reference to the Trade Marks Act 1994 in United Kingdom, the learned Single Judge has, while discussing the rule of navigation i.e. comity, contrasted the language of the phrasal noun '*market in the European*

Economic Area’, and opined that this could be used to understand the direction in which the ship has to be sailed in India with reference to the lighthouses in the statute in India i.e. the direction of ‘*the market*’ being the domestic market and not the International market. (Refer paragraphs 73 to 85 of the impugned decision.)

13. Certain residual issues pertaining to an interim arrangement ordered in judicial pronouncements with respect to refurbished second-hand goods have been discussed by the learned Single Judge, on which learned counsel for the parties fairly conceded that nothing much turns; but we wonder why learned counsel had argued the matter in the context of a consent interim arrangement worked out in other cases as a precedent in the instant matter?

14. The learned Single Judge has thereafter discussed, the website of the appellants being meta-tagged to that of the respondents, in the context of the fair use argument of the appellants who urged that since they were importing and selling Samsung products, as it is in India, the meta-tagging was to enable the purchaser to understand the features of the product as per the website of the respondent; but has concluded that since the act of import for further sale of the goods in the Indian market itself being without the consent of the respondents was infringement of the respondents’ registered Trade Mark in India, the question of any fair use did not arise.

15. Lastly, the learned Single Judge has discussed and opined that nothing turns on the subject : that the appellants were earlier on the authorized dealers of Samsung products in India and their act of importing Samsung products from markets abroad and selling the same in India would be a misrepresentation to the purchasers, who would purchase Samsung products sold by the appellants, thinking that the sale in India is with the

consent and permission of the respondents. The reason for the opinion being that the import of Samsung products for sale in the Indian market being without the consent of the respondents amounted to an infringement of the respondents' Trade Mark.

16. This in brief, is an analysis of the impugned order dated February 17, 2012, passed by the learned Single Judge with reference to the chartered journey and reaching the port of destination, resulting in dismissal of IA No.10124/2011 filed by the appellants under Order XXXIX Rule 4 of the Code of Civil Procedure praying that the ex-parte ad-interim injunction granted be vacated and allowing IA No.7774/2011 filed by the respondents praying that during pendency of the suit, appellants be restrained from importing and selling printers and their ink cartridges/toners bearing the Trade Mark 'Samsung' as also restraining appellants from using the Trade Mark 'Samsung' in respect of promotional activities including website.

The journey re-chartered:

17. The re-chartered journey, and especially where the grievance is that the original voyage has reached the wrong port of destination, having two Captains : Shri Pravin Anand, Advocate, ably assisted by his Boatswain Shri Nischal Anand, Advocate, and Shri Saikrishna Rajagopal, Advocate and his Boatswain Ms.Shwetasree Majumdar, Advocate; each steering the ship towards the opposite direction, and indeed this happens in every appeal, compelled us to be the Captain of the ship, as indeed every Appellate Judge has to be : relegating the two Captains and their Boatswains as sailors, to tell us what they perceive on the horizon and we as Appellate Judges taking a decision as to whose sighting evidences the truth and not the mirage. Therefore, we have to be careful as we sail in hot areas, for it is refraction in the rarified hot air which creates the illusion called a mirage.

18. We would therefore be noting the expanded reasoning of the learned Single Judge, as and when required, while analyzing the arguments advanced by learned counsel for the appellants and the respondents, for only then would we be able to discern the real from the mirage.

19. Clause 't' 'u' and 'v' of sub Section 1 of Section 2 of the Trade Marks Act, 1999 defines 'register' 'registered' and 'registered proprietor' respectively, to mean 'Register of Trade Marks', 'registered under this Act' and a 'person for the time being entered in the register as proprietor of the trade mark' respectively and thus wherever these words find a mention in the Trade Marks Act, 1999, they have to be ascribed the meaning prescribed, but therefrom nothing further can be inferred on the subject of : Whether the Trade Marks Act, 1999, embodies the principle of domestic exhaustion or international exhaustion.

20. As noted above, after noting the rival facts, the arguments advanced and the case law cited till paragraph 17 of the impugned decision, the learned Single Judge has proceeded to analyze Section 29 of the Trade Marks Act 1999 and has reached a conclusion in paragraph 39. Thereafter from paragraph 40 onwards the learned Single Judge has proceeded to analyze Section 30(3) of the Trade Marks Act 1999 and has reached a conclusion in paragraph 47 that Section 30(3) carves out only an exception to Section 29 and does not confer any additional right; it only operates as a defence to an infringing act. From paragraph 48 onwards the learned Single Judge has proceeded, on what is called by the learned Single Judge a **plain and contextual interpretation of Section 30(3) and 30(4) of the Trade Marks Act 1999**. And a conclusion is arrived that '*the market*' envisaged by the said Section has to be only one market i.e. where the buyer and the seller of the goods co-exist. The discussion concludes in paragraph 17 and

thereafter the learned Single Judge has referred to the U.K. Trade Mark Act to draw a distinction between the law there and India. Thereafter, from paragraph 86 onward the learned Single Judge has again discussed Section 30(4) of the Trade Marks Act 1999 in its textual setting to reach a conclusion that said Section does not negate the interpretation put by the learned Single Judge to sub-section (3) of Section 30 of the Trade Marks Act. Thereafter, as noted in paragraph 10 above, from paragraphs 123 onwards the learned Single Judge has discussed the issue pertaining to an alleged admission in the pleadings of the respondents i.e. in the replication filed.

21. We proceed to analyze the reasoning of the impugned decision, in the same sequence and at the outset record our agreement with the analysis of Section 29 of the Trade Marks Act, 1999 by the learned Single Judge but not the reference by the learned Single Judge, in para 36 to the commentary by Morcom, Roughton and Nalynicz : ‘Modern Law on Trade Marks, 3rd Edition (2008)’, for the reason the commentary pertains to the Trade Marks Act, 1994 in the United Kingdom.

22. The learned Single Judge has correctly held, and this flows from a bare reading of the various sub Sections of Section 29, that (refer sub Section 1) a registered trade mark is infringed by a person who is not a registered proprietor or a permitted user when he uses, in the course of trade, the said mark or (refer sub Section 2) uses a mark which is likely to cause confusion or which is likely to have an association with the registered trade mark or (refer sub Section 3) uses a mark which is identical or similar to the registered trade mark or (refer sub Section 5) uses a registered trade mark as his trade name or part of his trade name or name of his business concern while dealing in goods or services in respect of which the trade mark is registered, or (refer sub Section 6) affixes the mark to goods or packaging

thereof or exposes the goods for sale by putting them on the market or imports or exports goods under the mark. In the context of the question which we have to answer, we agree with the reasoning of the learned Single Judge that in view of sub-clause (c) of sub Section 6 of Section 29 where reference is to import as well as export of goods, in the context of Section 29 of the Trade Marks Act, 1999 even import of genuine goods under a trade mark which is registered in India and proprietorship whereof vests in some third party in relation to the description of the goods would constitute an act of infringement.

23. However, the conclusion drawn by the learned Single Judge in paragraph 26 of the impugned decision, that this expresses the legislative intent to put barriers on importation, in our opinion is a pre-mature conclusion inasmuch as the necessary conclusion ought to have been drawn after Section 30 had been analyzed for the reason Section 30 operates as, if we may use the expression, an exception to Section 29. Sub Section 1 and sub Section 2 of Section 30 stipulate conditions where the use of a mark by a person who is not the registered proprietor of the trade mark in question would not make the use actionable by the registered proprietor of the trade mark in question. As per sub clause (b) of sub Section 2 of Section 30 if a trade mark is registered subject to any condition or limitations, the use of the trade mark in relation to goods to be sold or traded in any place and in relation to goods to be exported to any market would not constitute an infringement.

24. We have reasoned here-in-after in para 53, as to what would be the use of the adverb '*any*' before the noun 'market' in clause (b) of sub Section 2 of Section 30 to bring home the point of the contextual usage

requiring the pronoun ‘*any*’ to be a determiner and thus ‘*any market*’ in the context of ‘goods to be exported’ meaning the global market.

25. But since various sub Sections of Section 30 contemplate different situations where, notwithstanding Section 29, the proprietor of the registered trade mark cannot prevent the use of the registered mark by other persons, various sub Sections of Section 30 have to be construed with reference to the situation contemplated with respect to the use of the registered trade mark and said use not being capable of being prevented by the registered proprietor of the trade mark. And this takes us to an analysis of sub Section 3, which is the core Section on which the issue would be resolved.

26. As noted above the learned Single Judge has discussed this provision from paragraph 40 onwards till paragraph 69 and the discussion is in two stages, firstly analyzing Section 30(3) by itself and then in conjunction with sub-section (4) thereof. After discussing the provisions in the U.K.Trade Mark Act 1994 the learned Single Judge has further discussed the subject with reference to a contextual reading of Section 34 in paragraphs 86 onwards.

27. The learned Single Judge has correctly commenced the journey by noting that Section 30 places limits on the effects of registration of a trade mark and has rightly opined that sub Section 3 of Section 30 encompasses further exceptions to the rule of infringement provided in Section 29. But, we find a wrong question posed in paragraph 44 i.e. whether sub-section 3 of Section 30 is a right conferring Section or merely acts as a defence to the infringement?

28. The said question need not be posed and thus not answered for the reason Section 30 (with all its sub Sections) would be by way of defence

i.e. use of a registered trade mark in the situations contemplated by various sub Sections of Section 30 shall be a good defence to an action brought by a registered proprietor of a trade mark, for the reason Section 30 limits the effect of registered trade marks. The wrong question to be examined, has led the learned Single Judge to conclude that sub Section 30 cannot be equated as giving some additional rights to some other person to import genuine goods from the international market.

29. We may only say that it is altogether one thing to say that a right is conferred upon a person and it is altogether another thing to say that the act of a person is not actionable.

30. The erroneous approach has led the learned Single Judge to take the discussion forward, in paragraph 45, that this would mean that unless goods are imported into India by the consent of the registered proprietor of the trade mark (registration being in India) the act of importation is not permitted as per sub Section 3 of Section 30. In other words, '*lawfully acquired*' in sub Section 3 of Section 30 have been read as acquisition by consent for the purposes of import.

31. We reproduce once again sub Section 3 of Section 30 of the Trade Marks Act, 1999. It reads :-

“(3) Where the goods bearing a registered trade mark are lawfully acquired by a person, the sale of the goods **in the market** or otherwise dealing in those goods by that person or by a person claiming under or through him is not infringement of a trade by reason only of—

(a) the registered trade mark having been assigned by the registered proprietor to some other person, after the acquisition of those goods; or

(b) the goods having been put **on the market** under the registered trade mark by the proprietor or with his consent.”

32. We may highlight that there is an apparent printing error in sub-section (3), even the Gazette Notification issued by the Central Government contains the same. ‘Not infringement of a trade by reason only of’ should read ‘Not infringement of a trade mark by reason only of’. The reason is obvious. After being lawfully acquired by a person of goods bearing a registered trade mark, the further sale may be debatable as infringement of a trade mark, but there can be no further debate whether there is an infringement of a trade.

33. Be that as it may, and hoping that the legislature would rectify itself, but noting that patent printing errors can always be rectified and this would not be legislation by the Court, we revisit sub section (3). It can be broken into three segments; (i) goods bearing a registered trade mark are lawfully acquired by a person; (ii) the sale of the goods in the market by that person; and (iii) not constituting infringement of the trade mark.

34. In para 51 the learned Single Judge has correctly noted that the statute book does not reflect as to what was the source contemplated by the legislature with reference to goods bearing registered trade mark being lawfully acquired, but has abruptly jumped to a conclusion, in the very next paragraph i.e. para 52 with a conclusion drawn further in paragraph 53 in the following words :-

“52. The use of the word ‘where the goods bearing a registered trade mark are lawfully acquired by a person’ and the possible interpretation of Section 30 (3) so as to include import by reading Section 30 (3) in isolation with sub clause (b)

ignoring clause (a) will result in anomalous results or what can be termed as absurd results under the principles of interpretation.

53. It is well settled cannon of interpretation that the Courts must do their endeavors to read the provisions plainly so as to give harmony between the two provisions and interpretation which renders any provision otiose or redundant must be eschewed.”

35. Now, sub clause (a) of sub Section 3 of Section 30 deals with a situation where the registered proprietor of a trade mark sells the goods bearing the trade mark to a person and thereafter assigns the registered trade mark to another person. Said another person cannot oppose further dealing in those goods by the person who has acquired those goods bearing the trade mark. The sub clause operates in a well defined territory of its own. The situation contemplated by sub clause (b) is the goods having been put on the market under the registered mark by the proprietor or with his consent and are lawfully acquired by a person and the further sale of the said goods in the market. It is here, where the issue of lawful acquisition of the goods, when put in the market and further sold in the market arises for consideration, and whatever be the view taken i.e. the market contemplated being the international market or the domestic market, would not make sub clause (a) otiose.

36. The further reasoning of the learned Single Judge in paragraphs 56 to 58 is an extension of the error afore noted. We quote:-

“56. The wordings in sub clause (a) “the registered trademark has been assigned by the registered proprietor to another person after acquisition of the said goods” controls the language of the opening words “where the goods under the registered trade mark are lawfully acquired by the person”.

Reading of same along with the opening words makes it clear said lawful acquisition presupposes the existence of three persons, a person acquiring the goods, a person selling the goods which is the registered proprietor and third person to which the trademark has been assigned at the same place.

57. Thus, the said acquisition for the purposes of the sub clause (a) must arise within the same market wherein there are three persons present, person acquiring the goods, registered proprietor and the assignee of the trade mark. This the reason why the said Section 30(3) (a) also says that the registered trademark having been assigned after the acquisition of those goods which means that the acquisition must emanate from the registered proprietor where the registered proprietor has the knowledge about the said acquisition and he assigns the trademark after the said acquisition.

A clear and workable example of the said proposition mentioned in clause (a) would be that proprietor after selling the goods to the market or to the distribution channels, cannot turn around either by himself or his assignee in title of the trade mark within the same market to say that now the dealings in goods which he has parted with to the person or to the distribution channel, cannot be allowed because the trademark has been assigned by him to some other person which is a simple and precise meaning of the clause (a).

58. But, this may not hold good if one adopts the interpretation of opening words to subsume imports in an international perspective. The said interpretation of the opening words “where the goods under the registered trade mark...” if given wider interpretation to include imports will lead to absurd results and will render clause (a) otiose.”

37. Let us re-write sub Section 3 of Section 30 with reference to sub para (a) and sub para (b) thereof. (1) Where goods bearing a registered trade mark are lawfully acquired by a person, the sale of the goods in the market by that person is not infringement of the trade mark by reason only of the

registered trade mark having been assigned by the registered proprietor by some other person after the acquisition of those goods. (2) Where goods bearing a registered trade mark are put on the market and are lawfully acquired by a person, the sale of the goods in the market by that person is not infringement of the trade mark by reason only of further sale in the market.

38. The two situations are distinct and operate in mutually exclusive areas and the question of any one being interpreted in a manner to render the other otiose does not arise.

39. The illustration given in paragraph 59 by the learned Single Judge, to make out, as concluded in paragraph 60 the absurdity flowing and the havoc (the word used by the learned Single Judge in paragraph 60) which would be created, in our opinion is seeing a ghost, when none exists.

40. The learned Single Judge has made good his reasoning and the conclusion with reference to the example of Samsung goods purchased in the market at Hong Kong and imported into India and in the meanwhile the Indian entity of Samsung selling the brand name to some other company for Indian territory. The learned Single Judge has opined that havoc would be created because the assignee would not be in a position to control the inflow of the goods. But where is the havoc? Merely because the assignee of a trade mark cannot prevent the further sale of goods which were lawfully acquired prior to the assignment, is not a situation of a havoc. The reason is that it would be presumed that the assignee knew that the assignor has already placed, under the trade mark, certain goods in the market and that the right of the assignee would not be to prevent further dealing in the goods already placed on the market. Thus, whether the goods are placed in the international market or in the domestic market and thereafter the assignment

takes place is not a relevant consideration while interpreting sub-section (3) of Section 30 with reference to sub-para (a) and sub-para (b) thereof.

41. We highlight that in paragraph 68(d), the learned Single Judge has recognized, and we quote: *'The opening words "where the goods bearing a registered trade mark are lawfully acquired by a person" are merely if at all silent about the lawful acquisition although it becomes clear if one reads the same plainly in view of point No.(c) above, must bear the registered trade mark and therefore originate from the domestic market. At the best, it can be said that they are silent about the lawful acquisition.'* The learned Single Judge has recognized that there is no indication clearly spelt out whether *'the market'* is the domestic market or not. The learned Single Judge has attempted to give clarity, to what he recognized as not clearly spelt out, by referring to para 68(c), where the learned Single Judge has held that in the context of Section 29(6) it must be held that if a trade mark is registered in one country, then the goods bearing the said registered trade mark can be lawfully acquired from that country alone. Therefrom, the learned Single Judge has concluded in para 68(d) as above.

42. There is a patent fallacy in paragraph 68(c). There is no law which stipulates that goods sold under a trade mark can be lawfully acquired only in the country where the trade mark is registered. In fact, the legal position is to the contrary. Lawful acquisition of goods would mean the lawful acquisition thereof as per the laws of that country pertaining to sale and purchase of goods. Trade Mark Law is not to regulate the sale and purchase of goods. It is to control the use of registered trade marks. Say for example, there is food scarcity in a country and the sale of wheat is banned except through a canalizing agency. Lawful acquisition of wheat in that country can only be through the canalizing agency. The learned Single Judge

has himself recognized that the law of trade marks recognizes the principle of international exhaustion of rights to control further trade of the goods put on the market under the trade mark. The task of the learned Single Judge thus was to resolve the impasse in the Indian Law, and thus the presumption/assumption in paragraph 68(c) could not be the point to resolve the textual context in which the learned Single Judge has discussed in paragraph 68(d).

43. Thus, the conclusion arrived at by the learned Single Judge, which we note has preceded a lot of reasoning done by the learned Single Judge after the conclusion has been arrived at, in paragraphs 56 and 57, that Section 30(3)(a) presupposes the existence of three actors: (i) The trade mark Proprietor, (ii) the trade mark assignee, and (iii) the acquirer of the goods in the same market, is incorrect.

44. The learned Single Judge has recognized that the Statement of Objects and Reasons to a Bill which becomes Law can be used to interpret the law, as an external aid of construction. But has not used the same inasmuch as he has found that a plain reading of the provisions makes it clear that '*the market*' contemplated by the statute is domestic market i.e. Section 30(3) contemplates lawful acquisition in the domestic market. We shall discuss this aspect a little later, but now note the reasoning of the learned Single Judge, on comparative analysis of the U.K. Trade Marks Act 1994.

45. Let us note the language used by the legislature in foreign countries:-

(A) **European Union**. Article 7 of the EU Directive on Trademarks:

1. The trademark shall not entitle the proprietor to prohibit its use in relation to goods which have been put **on the market in the community** under that trademark by the proprietor or with his consent.

2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.

(B) **United Kingdom**. Section 12 of the Trademarks Act, 1994:

(1) A registered trade mark is not infringed by the use of the trade mark in relation to goods which have been put **on the market in the European Economic Area** under that trade mark by the proprietor or with his consent.

(2) Subsection (1) does not apply where there exist legitimate reasons for the proprietor to oppose further dealings in the goods (in particular, where the condition of the goods has been changed or impaired after they have been put on the market).

(C) **Australia**. Section 123(1) read with Section 120 of the Trademarks Act, 1995:

123. Goods etc. to which registered trade mark has been applied by or with consent of registered owner-

(1) In spite of section 120, a person who uses a registered trade mark in relation to goods that are similar to goods in respect of which the trade mark is registered does not infringe the trade mark if the trade mark has been applied to, or in relation to, the goods by, or with the consent of, the registered owner of the trade mark.

(D) **Brazil**. Article 132(III) of the Industrial Property Law, 2001:

Article 132: the owner of a trademark may not:

I.

II.

III. Prevent the free circulation of **products placed on the internal market** by himself or by an authorized third party without prejudice to the provisions of S3 and S4 of Article 68; and

IV.

(E) **Turkey**. Section 13 of the Decree – Law No.556 Pertaining to the Protection of Trademarks:

Acts in relation to a product incorporating a registered trademark shall not constitute a breach of the rights therein where they occur after **the product has been put on the market in Turkey** by the proprietor or with his consent.

The proprietor shall have the right, even where the foregoing paragraph applies, to oppose further commercialisation of the goods, notably where the condition of the goods is changed or impaired after they have been placed on the market.

(F) **Singapore**. Section 29 (1) of the Singapore Trademarks Act, 2005:

Notwithstanding Section 27, a registered trade mark is not infringed by the use of the trade mark in relation to **goods which have been put on the market, whether in Singapore or outside Singapore**, under that trade mark by the proprietor of the registered trade mark or with his express or implied consent (conditional or otherwise).

(G) **Hong Kong**. Section 20(1) of the Hong Kong Trade Mark Ordinance, 2003:

Notwithstanding Section 18 (infringement of registered trademark), a registered trademark is not infringed by the use of the trademark in relation to goods which have been **put on the market anywhere in the world** under that trademark by the owner or with his consent (whether express or implied or conditional or unconditional).

46. With reference to the seven statutory provisions, it would be relevant to note that the legislature in said seven jurisdictions abroad has clearly indicated the legislative intent to either follow the Principle of International Exhaustion or National Exhaustion. For example, Brazil and Turkey, which have incorporated the Principle of National Exhaustion, have used the clear expressions : *‘products placed on the internal market’* and *‘the product has been put on the market in Turkey’* respectively. The European Union and United Kingdom have used the clear expression *‘market in the community’* and *‘market in the European Economic Area’* respectively to define the market as neither domestic nor international but expanded/confined to the entire European community. Similarly the legislation in Singapore and Hong Kong uses well defined expressions *‘goods which have been put on the market, whether in Singapore or outside Singapore’* and *‘put on the market anywhere in the world’*.

47. From paragraph 71 onwards till paragraph 85, the learned Single Judge has referred to the U.K. Trade Mark Act 1994 and has highlighted that in United Kingdoms the words *‘in the European Economic Area’* after the words *‘the market’* have given a wider effect by widening the concept of market. Not finding any such expressions which expressly expand the scope

of *'the market'* in the Indian Statute, the learned Single Judge has opined that the legislative intent was obviously to restrict the expression as confined to the Indian market.

48. The conclusion arrived at by the learned Single Judge ignores that legislations abroad, wherever the intent was to confine *'the market'* to the domestic market have expressly used words to so indicate; to wit, Brazil and Turkey. Thus the neutral expression *'the market'* without the legislature adding words to indicate whether it was the domestic or the international market which was in the mind of the legislature does not justify the conclusion arrived at by the learned Single Judge as the only logical conclusion.

49. With reference to the contextual reading of Section 30(4), the learned Single Judge has opined that Section 30(4) recognizes the Principle of Exhaustion in a limited sense by curtailing the right of the proprietor to prohibit further sale of the goods. The learned Single Judge has opined that within the domestic market, if there existed legitimate reasons to further oppose the sale of those goods due to impairment, Section 30(4) gave a right to the registered proprietor of the trade mark to oppose further sale of the goods. The learned Single Judge has held that Section 30(4) would thus operate as an exception to Section 30(3) (Refer paragraph 86 of the decision).

50. Now, where the goods bearing a registered trade mark are put in the market, whether it be the domestic market or the international market, by the registered proprietor of the trade mark, the right to oppose further sale for the reason of the goods being impaired or conditions changed would be equally relevant and no distinction can be made with reference to the right in relation to the nature of the market. The reason is that if the condition of the

goods is changed or the goods are impaired, they may diminish the value of the trade mark, causing injury to the registered proprietor of the trade mark.

51. We have noted herein above that the learned Single Judge, though has opined that his conclusion is based on a plain reading of the statute, but actually is the result of a laborious decision which spans 156 pages. Surely, it would be a contradiction in terms to write 156 pages on a subject of interpretation of a statute and simultaneously maintain that a plain reading of the statute is being done. We have noted herein above that the learned Single Judge has recognized a silence in the statute (Refer paragraph 68(d) of the impugned decision which has been extracted by us in paragraph 41 above) with reference to whether '*the market*' is the domestic market or the international market.

52. At the core of the matter, as indeed it has to be when a statute is interpreted, is the plain language of the statute, and we have already reproduced the same i.e. Section 29 and Section 30 of the Trade Marks Act 1999, in paragraph 7 herein above. The word '*market*' finds a mention five times in Section 29 and Section 30: (i) Section 29(6)(b) – '*on the market*'; (ii) Section 30(2)(b) – '*any market*'; (iii) Section 30(3) – '*in the market*'; (iv) Section 30(3)(b) – '*on the market*'; and (v) Section 30(4) – '*on the market*'.

53. With dictionary in hand, we may record at the outset that the usage of the word '*any*' mentions two usages – as an adverb or as a pronoun and determiner. The word '*market*' is a noun. Thus the word '*any*' in '*any market*' has to be used as a pronoun and not a verb. In Section 30(2)(b), the words '*any market*' find a mention in the phrase '*in relation to goods to be exported to any market*'. Thus, used as a pronoun in Section 30(2)(b), in the context of the usage i.e. '*exported*' to any market, it implying a global

market and therefore the word ‘*any*’, works as a determiner in this particular context only.

54. The word ‘*the*’ is a definite article. Its use before the word ‘*market*’ in Section 29(6)(b), 30(3), 30(3)(b) and 30(4), notwithstanding ‘*the*’ being an definite article, is not used to specify a particular market but is used only to demarcate an economic area or space as distinguished from other spaces, whether public or private.

55. Therefore, it cannot be concluded that merely because ‘*any market*’ in Section 30(2)(b) means the global market, it must logically be inferred that reference to ‘*the market*’ refers to the domestic market.

56. We are of the opinion, the external aid to interpret the statute i.e. Statement of Objects and Reasons was a most appropriate tool to be used.

57. While introducing the Trade Mark Bill 1999, clause-30, which ultimately found itself as Section 30, was explained in the Statement of Objects and Reasons, inter-alia in the following words:-

“Sub-clauses (3) and (4) recognize the principle of ‘exhaustion of rights’ by preventing the trade mark owner from prohibiting on ground of trade mark rights, the marketing of goods in any geographical area, once the goods under the registered trade mark are lawfully acquired by a person. However, when the conditions of goods are changed or impaired after they have been put on market, the provision will not apply.”

58. The expression ‘in any geographical area’, in the Statement of Objects and Reasons to the Trade Mark Bill 1999 clearly envisage that the legislative intent was to recognize the principle of international exhaustion of rights to control further sale of goods once they were put on the market by the registered proprietor of the trade mark. But the argument was that it hardly matters if the blacksmith proclaims that he has fabricated a spade, if

one can visually see that the tool fabricated has a long handle with a thin metal blade i.e. a hoe. The fabricated implement has to be called a hoe.

59. We can see no hoe and thus the logic of the argument is wanting. If the fabricated implement does not clearly define its features and there is a reasonable ground to dispute whether it is a spade or a hoe, the claim of the blacksmith has to be taken into account.

60. On the subject of an external aid to interpret a statute, suffice would it be to state that whereas debates in the legislature, being the reasons of the speakers, may be at a lower pedestal the Statement of Objects and Reasons of the Bill would stand on a much higher pedestal, and especially when the Statement of Objects and Reasons clearly states that the proposed law is based on the principle of international exhaustion of rights; it would be difficult in such a situation to ignore such a strongly expressed statement while considering the statute.

61. Undisputedly, preceding the TRIPS Agreement, when the international community debated, and what we colloquially speak of as the Uruguay Discussions, the Indian position was to permit parallel imports. Communications from India at the Uruguay Round of the General Agreement on Tariffs and Trade dated July 10, 1989 on 'Standards and Principles Concerning the Availability, Scope & Use of Trade Related Intellectual Property Rights' clearly brings out that India favoured the Doctrine of Exhaustion of Rights linked to parallel imports. It is not in dispute that Article 6 of the TRIPS Agreement has left it to the discretion of the member States to either adopt or not to adopt any Principle of Exhaustion of Rights linked to parallel imports.

62. In this context it needs to be highlighted that when the Copyright Amendment Bill 2010 was introduced, to amend the Copyright Act 1957, in

the report presented by the Rajya Sabha Standing Committee, in paragraph 7.12 it was indicated as under:-

“7.12 Committee was also given to understand by the representatives of the publishing industry that Scheme of the Copyright Law was entirely different from the Trade Marks Act, 1999 and the Patent Act, 1970. The application of the standards and principles of these two laws through the proposed amendment of Section 2(m) would completely dismantle the business model currently employed, rendering several industries unviable. On a specific query in this regard the Department informed that the concept of International Exhaustion provided in Section 107A of the Patent Act, 1971 and in Section 30(3) of the Trade Marks Act, 1999 and in Section 2(m) of the copyright law were similar. This provision was in tune with the national policy on exhaustion of rights.”

63. Mr.Pravin Anand, learned counsel for the respondents had drawn our attention to the views expressed by international bodies such as International Trade Mark Association, International Chamber of Commerce and International Association for the Protection of Intellectual Property and had highlighted therefrom the gains and the losses to the stakeholders if the Principle of National Exhaustion or the Principle of International Exhaustion was adopted; and had highlighted that the gains from the adoption of the Principle of National Exhaustion far outweighed the gains to the consumer from the adoption of the Principle of International Exhaustion. Learned counsel had highlighted that from an economic point of view, the Principle of National Exhaustion was more favourable. Tabulated in a chart, keeping in view the stakeholder : consumer, right holder and importer the gain and the loss would be:-

S.No.	Perspective	National Exhaustion	International Exhaustion
1.	Consumer	Uniform price (<i>LOSS</i>)	Comparatively lower prices (<i>GAIN</i>)
		Assurance of quality (<i>GAIN</i>)	No assurance of quality (<i>LOSS</i>)
		Consumer not harmed. Additionally, the consumer is always protected under the Consumer Protection Act. (<i>GAIN</i>)	There is a high likelihood that the consumer may be harmed or deceived. (<i>LOSS</i>)
		Creation or loss of goodwill in the eyes of the consumer is purely through the action of the Right Holder. (<i>GAIN</i>)	The consumer may lose faith in the product thereby leading to loss of goodwill and reputation in the market. Such loss of faith would be purely because of the actions of a 3 rd party. (<i>LOSS</i>)
2.	Right holder	Common control in quality and pricing. (<i>GAIN</i>)	May have to deal with products with differences in price and quality. (<i>LOSS</i>)
		The right holder would be bound to take responsibility for all the goods and services under the mark. (<i>GAIN</i>)	The right holder may be unable to redress consumer grievances due to lack of available resources to deal with the same. (<i>LOSS</i>)
		Increase in sales would result in increase of	Will eat into the profits of the right holder. No

		capital investment in the Indian market by the right holder. (<i>GAIN</i>)	incentive to invest in Corporate Social Responsibility (CSR). (<i>LOSS</i>)
3.	Importer	Would require the permission of the right holder. (<i>LOSS</i>)	Would require no permission from the right holder. (<i>GAIN</i>)
		Would be able to reap the benefits of the investment made by the right holder in building its brand. Eg. Advertisement, promotion expenses etc. (<i>GAIN</i>)	It would not be fair to unauthorizably piggyback on the goodwill created by the right holder. (<i>LOSS</i>)
		Can earn profits fairly (<i>GAIN</i>)	Can earn profits through unfair practices. (<i>LOSS</i>)
		Is obliged to and shall proactively protect the intellectual property of the right holder from any misuse. (<i>GAIN</i>)	Is not obliged to protect the intellectual property of the right holder from any misuse. (<i>LOSS</i>)

64. Learned counsel for the respondents had also highlighted that from an economic perspective, National Exhaustion would be more beneficial because it encourages foreign investments to flow into India; for brand owners would set up manufacturing units in India. But, if the Principle of International Exhaustion is applied, there would be no incentive to set up manufacturing units in India because the brand owner would face competition as his goods sold abroad, at a lesser price in poor countries, would be imported and sold in the Indian market. Learned counsel urged that the

Foreign Direct Investment in the manufacturing sector would create jobs. Indigenous brands would be encouraged to compete with International brands and this would enhance the quality of the products as also the market forces would themselves ensure fair prices to the consumer due to competition amongst the various players.

65. This is a matter of policy, and it is for the legislature to take a call. A statute cannot be interpreted on the reasoning aforesaid. It may be true that in a poorly developed country, with hardly any infrastructure, import of goods from the foreign shores may be the only way out and for developed countries, industrialization may be the only way forward. However, for developing economies like India, neither situation would be a win-win situation; and thus the need for the legislature to decide as to on which side of the fence should the playing field be laid.

66. But we must note that the adoption of the Principle of National Exhaustion may not necessarily encourage industry to be set up in that country, as in the instant case, a manufacturer abroad may simply get its trade mark registered in a country and import goods manufactured by it in a foreign country. Dual pricing may cause injury to the consumer, and for which we highlight the following table pertaining to the printers sold abroad by the respondents which are imported into India by the appellants and then sold in the market, and the printers imported from abroad by the respondents and sold in the Indian market:-

S.No.	Model No./Price at which appellants import and sell.	Model No./Price at which respondents import and sell.
1.	ML-1660/XSG : ₹3300/-	ML-1666/XIP : ₹6290/-
2.	SCX-3200-XSG : ₹6500/-	SCX-3201/XIP : ₹8999/-

3.	SCX-4623F/XSA : ₹9500/-	SCX-3201FN/XIP : ₹18999/-
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67. We may clarify that it is not in dispute that the products are not identical but are similar; of course, the cheaper versions have lesser memory and lesser printing capacity.

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) *Ferrero 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.*

69. Now, as we see it, this can only happen in case where goods have to be imported from a country of manufacture or a country where they are put on the market thereof, and then imported into India. Only then would there be a difference in the language of the literature provided with the product; difference in services and warranties in the country from where the goods are imported by the seller and the country of import i.e. the manufacturer's warranties not being available in the country of import; difference in quality control, pricing and presentation as also differences in advertising and promotional efforts.

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.

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.

74. As regards the appellants meta-tagging their websites with those of the respondents, the learned Single Judge has correctly enjoined the appellants from so doing, which injunction we affirm. The argument by the appellants that how else would the appellants know about the working of the particular product hardly impresses us for the reason the appellants can design their website in a manner where they are able, on their own strength, without any meta-tagging, to display the relevant information.

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 enjoined 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 :

<p>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.</p>
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76. The last recital. The opinion expressed is prima-facie for the purposes of deciding the application filed by the respondents seeking interim injunction and would not be construed as a conclusive opinion with reference to the facts. The final decision would be keeping in view the evidence led.

77. We place on record our gratitude to learned counsel for the parties for having rendered able assistance while navigating the ship.

78. Parties shall bear their own costs all throughout.

(PRADEEP NANDRAJOG)
JUDGE

(SIDDHARTH MRIDUL)
JUDGE

OCTOBER 03, 2012
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