

**(2020) 01 DEL CK 0251**

**In the Delhi High Court**

**Case No :** Civil Suits (COMM) No. 1015 Of 2018

Lifestyle Equities C.V. And Ors

APPELLANT

Vs

Amazon Sellers Service Private Limited & Anr

RESPONDENT

**Date of Decision :** 14-01-2020

**Acts Referred:**

Code Of Civil Procedure, 1908 — Order 39 Rule 1, Order 39 Rule 2, Order 39 Rule 2A  
Trademarks Act, 1999 — Section 30(3), 30(4)

**Citation :** (2020) 81 PTC 209

**Hon'ble Judges :** Jayant Nath, J

**Bench :** Single Bench

**Advocate :** Amit Sibal, Mohit Goel, Sidhant Goel, Vinay P.Tripathi, Saksham Dhingra, Aditya Goel, Sidharth Chopra, Sneha Jain, Savni Dutt, Gitanjali Mathew, Devvrat Joshi, Jayant Mehta, Maanav Kumar, Sajal Jain, Nupur, Pranav Gopalkrishnan

## Judgement

Jayant Nath, J

IA No. 17397/2018

1. This application is filed by the plaintiff under Order 39 Rule 2A of CPC for taking appropriate action against defendant No.2.
2. The case of the plaintiff is that defendant No.2 is guilty of blatant and willful disobedience and violation of interim order passed by this court on 16.7.2018 and 22.11.2018.

Relevant part of the order dated 16.07.2018 reads as follows:-

"IA No.9105/2018

This application is filed under Order 39 Rule 1 and 2 CPC seeking an interim injunction to restrain the defendants etc. from using the plaintiff's trademark including supplying, selling or offering any products, unless authorised by the plaintiff bearing the plaintiff's trademark through its website [www.amazon.in](http://www.amazon.in).

Other connected reliefs are also sought.

The plaintiff's case is that it is a worldwide manufacturer of goods using the plaintiff's trademark/brand "Beverly Hills Polo Club". The details of the registration of the trademark of the plaintiff are given in para 18 of the plaint. It is pleaded that the plaintiff has emerged as a global lifestyle brand and apart from the registration of trademarks in India the brand has registrations all over the world. It is pleaded that the plaintiff has received information of widespread sale of counterfeit products on the website of the defendant No.1 in India sometimes in November 2017. There is sale of counterfeit products including apparel products, accessories, fragrance products, watches belts etc. It is pleaded that the plaintiff do not sell or offer for sale all their products on online sales platforms with exception to the sale of fragrance/perfumery products sold by plaintiff No.3 through an online sales distributor, namely, Cloutail. The plaintiff on coming to know about the counterfeit products attempted to find out the name and contact details of the actual suppliers of these counterfeit products. However, it is pleaded that the customer care assistance module of defendant No.1 did not share the details of these counterfeit products. A cease and desist notice was issued on 13.12.2017 to defendant No.1 requesting defendant No.1 to take down the URLs and disclose the name and contact details of the suppliers of these counterfeit products. However, defendant No.1 refused to share the details including names and contacts of the manufacturer. However, they deleted the concerned URLs. Subsequently another notice has been sent by the plaintiff on 27.1.2018.

Plaintiff has made out a prima facie case. Balance of convenience is in favour of the plaintiff. The defendant shall remove forthwith from its platform any URLs which are pointed out by the plaintiff which are selling products in violation of the plaintiff's right.

Learned counsel for the plaintiff has also pointed out that what is happening is that if one of the URLs are removed a fresh link spring up on the website of defendant No.1 whereby the sale of counterfeit products continues unauthorisedly. Accordingly, keeping in view these facts and circumstances of the case a direction is passed to the defendants to give all details and information to the extent of such information is in its possession about the identity of the person who has uploaded the URLs which are advertising sale of counterfeit products using the trademark of the plaintiff illegally. The defendant shall also remove the URLs of the products listed at pages 1 to 10 of the documents filed by the plaintiff. Defendant will also give information about the URLs for which a communication has been sent to the defendant earlier also.

Reply be filed within four weeks from the date of receiving the copy of paperbook.

List for arguments on 18.9.2018.

A copy of the order be given dasti under signatures of the Court Master."

The order dated 22.11.2018 reads as under:-

"IA No.9105/2018

Defendant No.2 has entered appearance. Let him file a reply within two weeks from today.

The learned counsel for the plaintiffs relies upon the judgment of a learned Single Judge of this court in the case of Christian Louboutin Sas v. Nakul Bajaj, 2018 SCC OnLine Del. 12215, to contend that a direction may be given to defendant No.1 to remove all the products of the plaintiffs from its website.

The learned counsel appearing for defendant No.1 seeks some time to respond to the said contention. Defendant No.2 will also comply with the order of this court dated 16.07.2018. Defendant No.2 will also not place any counterfeit products of the plaintiffs on the website of defendant No.1.

The learned counsel for defendant No.1 states that costs have been paid as directed by the learned Joint Registrar in his order dated 31.10.2018.

List on 18.01.2019."

3. Based on the above orders the grievance of the plaintiff is that in complete defiance of the said orders, defendant No.2 is still offering for sale and selling counterfeit products bearing the trademarks of the plaintiff on the website of defendant No.1. It is pleaded that plaintiffs have identified at least 38 URLs of counterfeit products whose sale were fulfilled by defendant No.2. It is further stated that defendant No.1 is in collusion with defendant No.2 and is committing continuous contemptuous acts adding to flagrant breach of the interim orders.

4. It is further pleaded that a notice was sent to defendant No.2 on 6.12.2018 to cease the said acts of contempt but to no effect. Hence, the present application.

5. I may note that the notice of this application so far has not been issued to the defendants.

6. Defendant No.2 has also filed a short affidavit in opposition. Defendant No.2 has also filed written submissions to plead that there is no willful disobedience of the orders of this court. Defendant No.2 in the written submissions takes the following pleas:-

(i) It is stated that defendant No.2 does not sell or offer for sale any counterfeit products.

(ii) It is pleaded that products originating from a lawful source are not counterfeit products. The plaintiff is, it is pleaded, indulging in a self-serving definition of counterfeit. It is stated that assuming that there are two proprietors of the same mark/having parallel set of rights neither can be said to be counterfeiting the others set of products.

(iii) It is further pleaded that in the present case defendant No.2 has sourced the

products from the proprietor of the mark and brand in USA for the full price of the product. These products are genuine, lawfully acquired from the proprietor of the mark and are not counterfeit. Hence, there is no violation of the interim order passed by this court. Reliance is also placed on sections 30(3) and (4) of the Trademarks Act, 1999 to plead that where the goods have been lawfully acquired the same does not tantamount to infringement. It is pleaded that these provisions relate to the principle of International Exhaustion which has been adopted and accepted under the Indian law. It is pleaded that the principle of international exhaustion prevents trademark owner from prohibiting any person to sell imported goods in any geographical area on the basis of his trademark rights, if such imported goods have been acquired from authorized and legitimate source. Reliance is also placed on the judgment of a Division Bench of this court in Kapil Wadhwa & Ors. vs. Samsung Electronics Company Limited & Anr., (2012) 194 DLT 23 (DB).

(iv) It is further stated that in the present case there are two proprietors having parallel rights in respect of the very same trademark. One proprietor is plaintiff No.1. The second is a US entity named BHPC Associates LLC. The goods bearing the said trademarks ranging from either of the entities are lawfully procured.

(v) It is pleaded that defendant No.2 purchased the said branded product from the owner of the said trademark in USA. It is also stated that the goods sold by defendant No.2 through the website of defendant No.1 are subject to certain terms and conditions. The terms and conditions of the sale provide that the sale takes place in the US and goods are imported by the purchaser. It has been further pleaded that the purchaser being the importer bears all costs and risk of importation of the goods to India. The title of the property in the goods passes to the purchaser at the point of sale in USA, no sale takes place in India. Hence, there is no violation of any interim orders passed by this court.

(vi) It is further stressed that under trademark law if goods have been sourced lawfully from anywhere in the world their importation into India cannot be enjoined under Trademarks Act except on the ground contained under section 30(4) of the Act.

7. The plaintiff has also filed written submissions to oppose the pleas of defendant No.2. In the written submissions of the plaintiffs, the following salient contentions have been raised:-

(i) The goods which are being offered for sale by the defendant No.2 under the said mark are not authorized by the plaintiffs. Hence, the said goods are counterfeit goods. It is admitted fact that the plaintiff is the registered proprietor of the said mark in India and the products being offered for sale/sold by defendant No.2 on the website of defendant No.1 are unauthorized and counterfeit products.

(ii) It is stated that the word counterfeit has been defined in TRIPS Agreement in Footnote No.14 to Article 51 to which India is a signatory which reads as follows:-

"any goods including packaging bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods or which cannot be distinguished in its essential aspects from such a trademark and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation."

Based on the above definition it is pleaded that the defendant No.2 is clearly selling counterfeit goods inasmuch as such goods do not originate from the plaintiffs. It is further reiterated that the plaintiff is not involved in the sale abroad and the use of the plaintiffs' trademark in that territory would be a misrepresentation to the public.

8. I have heard learned senior counsel for the plaintiffs and learned counsel for defendant No.2.

9. The admitted fact is that defendant No.2 has continued to sell the goods with the trademark brand Beverly Hills Polo Club on the platform of defendant No.1 despite the interim orders of the Court dated 16.7.2018 and 22.11.2018.

10. However, the defence raised is that there is no disobedience or willful disobedience of the orders of this court. In this context it is stated that a direction has been issued that defendant No.2 will not place any counterfeit products of the plaintiff on the website of defendant No.1. Broadly the following defence has been sought to be raised, namely,

(i) That lawfully acquired goods are those that originate from the proprietor of the trademark anywhere in the world. Reliance is sought to be placed on the judgment of the Division Bench of this court in the case of Kapil Wadhwa and Ors. vs. Samsung Electronics Company Limited & Anr.(supra). It is further pleaded that in the present case there are two proprietors having parallel rights in respect of the very same trademark. One of the proprietors is the plaintiff and the second is a US entity BHPC Associates LLC. It is pleaded that goods bearing the trademark Beverly Hills Polo Club can be acquired from either of the two entities lawfully inasmuch as neither of the two entities can claim a better right over the other. Such goods which emanate from the US entity cannot be termed to be counterfeit goods or as goods infringing the trademark.

(ii) It is further sought to be urged that the goods sold by defendant No.2 through the website of defendant No.1 are subject to certain terms and conditions without acceptance of which no goods can be purchased. It is stated that in terms of the sale, the title of the property in the case passes to the purchaser at the point of sale in the US. No sale takes place in India. Reliance is sought to be placed on the judgment of the Supreme Court in the case of Arihant Udyog vs. State of Rajasthan & Ors., 2017 (8) SCC 220 and other such judgments. Hence, it is pleaded that in the present case sale was concluded in USA, defendant No.2 is in USA. No part of the transaction was done in India. At best it is the Indian purchaser which has imported the goods to India.

11. Reference may be had to the judgment of the Division Bench of this court in the case of Kapil Wadhwa & Ors. v. Samsung Electronics Company Limited & Anr. (supra). In that case, the Division Bench was dealing with the case where the respondents were the "Samsung Electronics Company Limited" and "Samsung India Private Ltd Company" incorporated under the laws of Korea and India, respectively. The business was being done by the respondents dealing with the trademark "Samsung". The Indian company had a license to use said trademark. The grievance of the respondents was that the appellant was purchasing from the foreign market printers manufactured and sold by respondent No.1 under the same trademark and after importing the same in India, and were sold in Indian market under the same trademark. It was alleged that this tantamounts to infringement of the trademark of the respondents. The Division Bench held as follows:

"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 injuncted 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."

12. Further as noted above, the plea of defendant No.2 is that the transactions have been concluded abroad in view of the terms and conditions of the sale agreed upon by defendant No.2 from the purchasers of the goods. Reliance is sought to be placed on the judgment of the Arihant Udyog vs. State of Rajasthan & Ors.(supra) where the Supreme Court held that the sales or transactions take place where it is intended in the contract.

13. The defence as noted above by defendant No.2 would need a detailed examination. At present no notice has been issued to defendant No.2 of this application. The court does not have a benefit of the detailed reply of defendant No.2 for complete adjudication of the present application.

14. Keeping in view the fact that defendant No.2 continues to sell the goods under the said trademark on the platform of defendant No.1 despite orders of this court, the said act would prima facie warrant a detailed enquiry after issue of notice and a reply.

15. Accordingly, issue notice to defendant No.2, returnable before the Roster Bench on 16.01.2020.