

(2012) 02 DEL CK 0071

In the Delhi High Court

Case No : IA No. 7774 of 2011 and IA No. 10124 of 2011 in C.S. (OS) . No. 1155 of 2011

Samsung Electronics Company Limited and Another

APPELLANT

Vs

Kapil Wadhwa and Others

RESPONDENT

Date of Decision : 17-02-2012

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Order 39 Rule 1, Order 39 Rule 2, Order 39 Rule 4, 151
Constitution of India, 1950 — Article 141
European Communities Act, 1972 — Section 2(1)
Evidence Act, 1872 — Section 17, 31
Patents Act, 1970 — Section 107
Trade Marks Act, 1999 — Section 28, 28(3), 29, 29(1), 29(6)
United Kingdom Trade Marks Act, 1994 — Section 10, 10(4), 12, 12(2), 2

Citation : (2012) 49 PTC 571

Hon'ble Judges : Manmohan Singh, J

Bench : Single Bench

Advocate : Pravin Anand with Mr. Dhruv Anand and Mr. Nischal Anand, for the Appellant; Neeraj Kishan Kaul, with Mr. Saikrishna Rajagopal, Ms. Shwetassree Majumdar, Eashan Ghosh and Mr. Shobhit Aggarwal, for the Respondent

Judgement

Manmohan Singh, J.—By this order, I propose to dispose of IA No.7774/2011 filed by plaintiff under Order XXXIX Rules 1 and 2 Code of Civil Procedure,1908 and IA No.10124/2011 filed under order XXXIX Rule 4 CPC seeking vacation of interim order passed on 03.06.2011.

2. The brief factual matrix of the matter can be enunciated as under:

- a) The Plaintiff no 1 is stated to be a company incorporated under the laws of Korea. The plaintiff No. 2 is stated to be company incorporated under the Indian Companies Act. Both the plaintiffs collectively stated to be a part of Samsung Group of Companies having 14 listed companies and 285 worldwide operations.
- b) It is stated that the plaintiffs are engaged in the business of manufacturing

and trading in electronic goods such colour televisions of all types, home appliances, washing machines, microwaves, air conditions, computers, printers and cartridges etc.

c) The plaintiffs have stated to earn revenues for the year 2009 around US\$ 172.5 Billion and the net income was around US\$ 13.8 Billion. The asset of the plaintiffs were valued as USD 294.5 Billion for the year 2004-2005.

d) The plaintiffs inform that it is one of leading companies in the electronic goods segment across the globe and its products are of world class quality goods. The plaintiffs have also informed about their business in India which was initiated since 1995 when the plaintiff No. 2 was formed. The plaintiff No. 2 enjoys a turnover of US 1 Billion in just over a decade of operations in India. All this has been done under the brand name and corporate of the plaintiffs namely SAMSUNG.

e) The plaintiffs have also informed about the extensive promotions carried out in promoting and popularizing the brand name SAMSUNG by them and due to the same and their worldwide nature of operation, the trade mark SAMSUNG as per the plaintiffs is the well known or famous trade mark.

f) The plaintiffs have registered the following the trade marks in India under the mark SAMSUNG:

Sl No.

TRADEMARK

CLASS

REGISTRATION NO.

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 Plaintiff No. 1 has licensed the use of Samsung trademark in India to Plaintiff No.2 vide a trademark agreement dated 8th July 2003. The said agreement has also been filed with the Trade Mark's Registry for registration.

g) The grievance of the plaintiffs in the present case relates to the important business of manufacturing, selling and distribution of wide range of printers under the mark SAMSUNG by them and rampant problem of parallel importation especially carried out by the defendant No. 1 and 2 whereby the plaintiffs are deprived to carry out their legitimate business under the mark SAMSUNG.

h) The plaintiff explains the said business of printers which includes wide range of varieties of printers costing from Rs.5299/- to Rs.1,39,999/-. All these printers cater to diversified needs of the consumers across the India. The plaintiffs have stated that the printers sold in India by them are sold through the authorized channel of resellers and partners of the plaintiff No.2. Any third party who is not authorized by the plaintiff cannot legitimately sell, advertise the Samsung products in India.

i) The plaintiffs have also mentioned in the plaint that the plaintiffs are selling and advertising their products through website namely Samsung.com/in through

which they intend to educate the customers of their varied range of products etc.

j) The defendant No. 2 is stated to be a company engaged in distributing, retailing and selling various types of computer hardware as well as peripherals. The defendant No. 3 appears to be retail outlet of the defendant No. 2. The defendant No. 1 is added as the managing director for the defendant No. 2

k) The grievance as stated in the plaint is that in the month of March 2011, the plaintiffs received an information from market sources that the defendants were distributing, retailing and selling grey market printers of the plaintiffs in the market and not the ones supplied by the plaintiff No. 2. As per the said information gathered from the market sources, the plaintiff learned that the said printers as being sold by the defendants were without the proper Maximum Retail Price stickers and were not earmarked to be sold in the Indian market.

l) It is averred that the defendants are neither the authorized sellers of the Samsung products nor they have the permission or the authorization from the plaintiff to sell their products in India.

m) The plaintiffs have averred in the plaint that on 18th March 2011, the advertisement was published in the weekly The DQ week by the defendant No. 2 offering SAMSUNG printers for sale. The plaintiff also complained that the said advertisement used the SAMSUNG mark along with slanted device. The said advertisement quoted the price much below than the price of the printers ordinarily sold in the market as per the plaintiff.

n) The Defendant also operates a website whereby the defendant offers for sale a varied range of the printers under the mark SAMSUNG at the prices much lower than offered by the plaintiff. The defendants use the technique of deep hyperlinking whereby the defendant is also able establish a connect between his website with that of the plaintiff when it comes to displaying the product to the consumer. All this is done to confuse the consumer so as to believe that the products are emanated from the plaintiffs authorized representatives when the defendants are not so.

o) The plaintiffs have also informed that the defendants' premises were also inspected by the plaintiffs through their investigator whereby the following models of the printers were discovered when the plaintiffs asked to purchase the printers:

1. ML-160 which should be rather ML-1666 for India.

2. SCX- 3200 instead of SCX 3201 and

3. SCX - 4623F instead of SCX - 4623 FN

The defendant representative assured the plaintiffs representative that these printers have exactly the same features which they are looking for in the printers asked for. The prices were also quoted as :

1. ML-1666 - Rs. 3300
2. SCX - 3200 - Rs 6500
3. SCX- 4623 F - Rs. 9500

It is mentioned that the plaintiffs' representative has thus purchased the said products from the defendant's representative and along with the same was given the card and the invoice issued by the defendant. All this has been averred in the plaint to show the cause of action wherein the products which as per the plaintiffs are meant for Indian markets are sold by the defendants at the price lower than the MRP of the said products sold by the plaintiffs.

p) The plaintiffs have further stated that the said printers purchased by the plaintiffs from the defendants were then examined by the plaintiffs and it was discovered the said printers from materially different from that of the products sold by the plaintiffs in Indian market. The said differences have been highlighted by the plaintiffs product model wise as under:

A- ML-1660/ XSG (Impugned product No. 1)

S. No

Point of difference

Impugned product

Product sold in India

1.

MRP Label

Incorrect with missing details

Correct with complete details

2.

Model number

ML-1660/ XSG

ML-1666/ XIP

3.

MRP

Rs. 3300

Rs. 6299

4.

Size of the Box

Smaller. Not conforming with the packaging laws of India

A little larger confirming the laws of India

5.

Warranty

a. Warranty applicable only in Gulf Region (will not be honored in India)

b. No extended warranty

c. Does not offer on site warranty

a. Warranty applicable only in India

b. Offers an extended warranty 1 + 2 years

c. Offers on site warranty

6.

Colour

Has dual tone ? Black and white

Has a monotone ? only black, Dual tone printers are not sold in India

7.

Model No. of toner

1042

1043

8.

Capacity

700 prints

1500 Prints

9.

USB Cable

Not provided

Provided

10.

Plug

2 Pin (without earthing)

3 Pin (with earthing)

Likewise for respective models SCX- 3200 XSG and SCX- 4623/ XSA, the differences on similar lines have been highlighted in para 32 of the plaint.

q) Additionally, it is stated that the packaging of the said printers is violative of the provisions of The Standards of Weights and Measurement Act, 1976 and the rules made therein. Thus, the said act of the parallel importation by the defendants is also violative of other laws for the time being in force.

3. The plaintiffs by showing the above acts of the defendants allege that the defendants are guilty of the following infringement:

? By way of parallel imports, the defendants are infringing the trade mark SAMSUNG of the plaintiffs in as much as the importation has been caused without the consent or permission of the registered proprietor and thus the defendants acts are infringement in view of Section 29 of the Trade Marks Act.

? By way of doing meta tagging and deep hyperlinking, the defendants are guilty of the infringement of trade mark SAMSUNG as the defendants are using the mark in relation to the advertisement and the use of the same is treated to be use for the purposes of infringement and thus the defendants are violating Section 29(1) read with Section 29(6) of the Act.

? The defendants are passing off the goods which are not meant for Indian market giving the impression that the same are emanating from the plaintiffs when the plaintiffs have not given any such authorization or permission to the defendants to undertake such activities. All this is being done to the detriment of the plaintiffs is clear act of misrepresentation as well as deceit to the general public.

? The defendants are also tarnishing the reputation of the plaintiffs well known trade mark SAMSUNG by providing the goods which are actually not intended to be served to the Indian public. Any element of dissatisfaction would then clearly attack or reflect on the reputation of the plaintiffs mark SAMSUNG.

4. For all these reason, the plaintiffs have raised the complaint before this court by preferring a suit for infringement of the trade mark and passing off. Along with the same, the plaintiffs have preferred an IA No.7774/2011 under Order XXXIX Rule 1 and 2 CPC which came up for hearing on admission on 11.05.2011 and then on 03.06.2011 when this court has passed the order to the following effect:

The Defendants, their partners, directors, principal officers, servants, agents and all others acting for and on their behalf are restrained from importing, exporting distributing, selling, offering for sale, advertising, directly or indirectly dealing in the grey market ink cartridges/toners, or any other products of the plaintiffs under the mark SAMSUNG or any mark as may be deceptively similar to the plaintiffs trade marks amounting to infringement of the plaintiffs registered trade marks.

5. The defendants were served in the suit and in the application and pursuant to the same, the defendants have filed written statement and an application which is IA No.10124/2011 under Order XXXIX Rule 4 read with Section 151 CPC seeking vacation of interim order passed on June 3, 2011. The following are the main contentions and defences raised in the application and written statement:

a) The plaintiffs are guilty of concealment of material facts and have not come before this court with clean hands. The defendants have been portrayed as infringers in the plaint however, the plaintiffs have not disclosed the following facts:

? The plaintiffs have suppressed a material fact that the applicants/ defendants are importing and selling the genuine, original unaltered SAMSUNG printers which have been purchased and imported through the legitimate channels. These printers have been sold in the market by the plaintiff No. 1 and the same are being imported into India and sold in the same condition as they were first sold by the plaintiff. All the relevant import documents for each of the printers listed in the suit are being filed with these present proceedings along with the import licence issued to the defendant No.2 and their central sales tax registration.

? Plaintiffs have falsely claimed that they have received information that the defendants were distributing, retailing and selling grey market printers of the plaintiffs in the market in the month of the March 2011. The plaintiffs have deliberately chosen to suppress the fact that the defendant No. 3 has been erstwhile brand shop which is authorized retail outlet of the plaintiff No. 2 from the year 2000 to 2004, the only IT brand ship of the plaintiff No. 2 in India at the time. Documents demonstrating the commercial relationship between the plaintiff No. 2 and defendants No. 1 and 3 are filed with the court.

? It is submitted that even when the defendant No. 3 was the plaintiffs authorized outlet, it was importing and selling openly on its premises, parallel imported products that were not purchased from plaintiffs No. 2 or Indian distributors and the same were stocked with the defendant No. 3's premises and the consumers had the option of buying either of them. The only difference was price differentiation and warranty which is emanated from Indian entity of the plaintiffs.

? The business model of the defendants of selling parallel imported product existed from as far back as 1998 and was well known to the plaintiff No. 2 even at the time when the agreement was entered into between the plaintiffs and the defendants and no objection was raised during the currency of the relationship between the parties.

? The plaintiffs have not disclosed that the plaintiff No. 2 itself imports products from other territories and sells them in India in the exact same manner as the defendants and their averment in the plaint that there are separate earmarked products for India is untrue.

? The plaintiffs have suppressed the relationship between the plaintiffs and the defendants and there are some commercial relationships between the plaintiffs and the defendants whereby the plaintiffs have failed to pay the rent to the defendants and the present suit is a counter blast to the said grievance which is also pending before this court in form of CS(OS) 357 of 2007 Dimension Next Infocom vs. Samsung India Electronics Ltd.

? The defendants have again attempted to falsify the statements in the plaint by urging the model numbers of the printers stated in the plaint are not relating to the ones which are earmarked for India and the said statement is untrue. It is stated that the products are actually available in various countries including India and thus the said stand of the plaintiff in the plaint is incorrect.

? The defendants have again stated that the investigator story mentioned in the plaint is not properly worded and the defendants never stated that the printers which were asked for are out of stock etc, the said story is misrepresented before this court.

? Plaintiffs are themselves guilty of defrauding the exchequer by selling the printers after importation at the higher prices. The plaintiffs have also not shown to the court as to how and why their own products are imported at the lower prices are shown to be at the higher prices on paper.

b) The allegations in the plaint relating to warranty are also incorrect as the defendants are themselves offering carrying in warranty to their customers and in the cases of the faulty products, replacing the parts with the original ones. It is submitted that there is recognition in the law of about the different kinds of warranties. The uniform commercial code in USA recognizes the seller's warranty obligations. The defendants are thus well within their right to provide warranty to their own customers independent to that of the plaintiffs.

c) It is a settled law that the import, sale and/ or resale of the genuine printers by the defendants does not amount and indeed cannot amount to infringement, dilution and passing off. The plaintiffs cannot impose restriction on sale or resale of genuine products originating from the plaintiffs. The present suit is an attempt to thwart competition from original goods which are available in the market at substantially lesser price. The present acts of the defendants are permissible u/s 30 of the Act of 1999.

d) The plaintiffs have admitted in the para 37 of the plaint that the goods appear to be genuine ones. Thus, the said sale of the products by the plaintiffs done internationally, the plaintiffs are estopped from challenging the subsequent sales by way clear application of exhaustion rule envisaged u/s 30 of the Act.

e) Article 6 of TRIPS convention gives the option to the member state including India to opt for the exhaustion principle and pursuant to the same, India has followed the principle of international exhaustion of rights by introducing Section 30 under the Act of 1999. This fact has been reflected under the notes on

clauses which are filed with the proceedings

f) The trade marks act does not provide recognize or provide any protection to market segmentation or division on the basis of the territories in order to enable the trade mark proprietor to engage in price differentiation on the basis of the territories. The mere act of loss of sales or erosion of the market of the plaintiffs cannot be categorized as infringement when there are only genuine products which are available in the market.

g) The plaintiffs' permission or consent for further sale of the products which have already sold by the plaintiffs in the international market is not required. The contention of the contravention of the other laws by the defendants is also incorrect.

h) The plaintiffs have wrongly stated that there are alterations in order to invoke the exception u/s 30(4) when actually there are no alteration or changes of the products after importation.

By averring the above mentioned defences in the application, the defendants pressed for the vacation of the injunction. Both the applications came up for hearing before this court.

6. Hearing the parties on 8.7.2011, this court was pleased to pass an order partially modifying the order dated 3.6.2011 passed in the local commissioner application and the goods were released to the defendants with few directions. The defendants also filed an affidavit in Undertaking along with the photographs on 25.7.2011. A demand draft for a value of 3% of the sale price of the printer was also filed.

The said order was modified by order dated 17.11.2011 in view of the statement made by the counsel for the plaintiff that the present case is of infringement of trade mark SAMSUNG only in relation to printers and its cartridges/toners and is not in respect of any other products.

7. The plaintiffs and the defendants on the other hand pressed their respective IAs which have been eventually heard by this court. This court has heard the submissions of Mr. Parveen Anand, learned counsel for the plaintiff and Mr. Neeraj Kishan Kaul senior advocate along with Mr. Saikrishna Rajagopal appearing on behalf of the defendants.

8. Mr. Parveen Anand, learned counsel appearing on behalf of the plaintiffs has made his submissions which can be crystallized to the following terms:

a) Firstly, Mr. Anand, learned counsel submitted that the defendants acts of importing the printers bearing the trade mark Samsung without the permission of the plaintiffs to India amounts to infringement of the trade mark within the meaning of Section 29 of the Trade Marks Act, 1999.

In this context, Mr. Anand has read and relied on Section 29 of the Trade Marks Act, 1999 and argued that the acts of the defendants are without the permission

of the registered proprietor and also the defendants are not the registered proprietor of the trade mark. Further Section 29(6) provides for the definition of use wherein the import of the goods as well as selling the goods amounts to use of the trade mark. Thus, as per the learned counsel of the plaintiff, the collective reading of Section 29(1) read with Section 29(6) of the Act would squarely cover the defendant's acts whereby the defendants import the goods under the identical mark and sell the same within the market without the permission of the owner of the registered trade mark.

b) Secondly, Mr. Anand has also explained the case of the plaintiffs for additional infringements carried out by the defendants by adding and using the name Samsung on their website by way of meta tagging and deep hyperlinking. By doing all this, the defendants are projecting themselves to be associated with the plaintiff by offering for sale the products of the plaintiff in the advertisements online for sale of the said products. This as per the plaintiff's counsel is an infringement within the meaning of Section 29(8) as contemplated under the Act.

c) Thirdly, Mr. Anand has vociferously argued in refutation to the defendant's contentions on the principle of international exhaustion that Trade Mark Act, 1999 recognizes the principle of national exhaustion unlike international exhaustion. Learned counsel relied on Section 30(3) of the Act in this context and also drawn the aid from European Union Trade marks Directives and provisions of the UK Act 1994 as existing in UK wherein the principles of national exhaustion are followed. It is argued that the provisions as existing in UK and in Indian Act are more or less similarly worded and rather *pari materia* and therefore, the departure from the views expressed by the UK courts under similar provisions would not be the correct construction of Section 30(3) of the Trade Mark Act and rather this court should adopt the views expressed by UK courts and follow the principles of national exhaustion.

d) Fourthly, learned counsel for the plaintiffs has also commented on the admission made by the plaintiffs in the replication that India follows international exhaustion rule. He says that it was made due to oversight while drafting of replication by junior counsel. Learned counsel urged before this court that admission of the legal principle by the plaintiff or parties to the proceeding will not confer any duty on the court to interpret of the provision of Act on the basis of the said admission and neither this court will not render the same interpretation on the basis of the admission if the same can be interpreted otherwise. Thus, it is the court to decide what is purely a legal issue and the consent or dissent of the parties is immaterial.

e) Fifthly, learned counsel has argued that even otherwise still the right of the proprietor to oppose further dealings remains u/s 30(4) and the plaintiffs case thus falls within the ambit of Section 30(4).

This has been explained by Mr. Anand by reading Section 30(4) of the Act. By placing reliance on Section 30(4) of the Act, Mr. Anand correlated the

applicability of the section with the present case by pointing out the following differences or changes in the products of the plaintiff vis a vis that of the defendants which according to plaintiffs' counsel are material changes or impairments enabling the plaintiffs to oppose the further dealings in the market. The said differences are outlined in the following manner:

1. Incorrect or missing MRP labels mandatory under the legal Metrology Act, 2009
2. Model numbers
3. Price
4. Size of the box.
5. The warranty is not applicable in India, but only in the country where the goods have been imported from.
6. Colour
7. Model number of the toner, which is not interchangeable.
8. Capacity of the toner
9. There is no USB cable provided in the printers sold by the defendants
10. Different plugs
11. Different language

In view of the above as per Mr. Anand, learned counsel for the plaintiffs, the case of the plaintiffs is not governed by any principle of exhaustion be it national or international provided u/s 30(3) and rather it falls within purview of Section 30(4) which is an exception to Section 30(3) and the defendants are selling the products which are not meant for Indian markets with the marked changes or impairments without the consent of the proprietor which leads to doing something which falls within the domain of the proprietor to decide whether he actually intends to market such products in the country specific which in the instant case is India. Therefore, the plaintiff being the proprietor can very well object against the further dealings or selling of those goods in India.

f) Sixthly, learned counsel for the plaintiffs has argued that the provisions of Section 30(4) is also applicable where there are legitimate reasons for the proprietor to oppose the further dealings of the products or the goods. The said legitimate reasons as per Mr. Anand in the instance case are manifold and the same can be highlighted in the following manner:

- ? Material Differences/ Impairment of the goods.
- ? Likelihood of consumer confusion
- ? Dilution of the trade mark
- ? Dissatisfied consumers leading to loss of goodwill and reputation

? Disruption of Authorized distribution channels

? Possible liability under the Legal Metrology Act

? Possible Liability under the Consumer Protection Act

? Misrepresentation through the advertisements, deep hyper linking and meta tagging.

9. All these as per the learned counsel for the plaintiffs are the legitimate reasons entitling the proprietor to oppose the further dealings of the goods imported by the defendant in addition to the fact that the conditions of the goods are changed and impaired. Therefore, the concerns or legitimate reasons of the plaintiff allows the opposition of dealings in the goods u/s 30(4) of the Act.

10. This has been further explained by Mr. Anand by urging that the section uses the expression "legitimate reasons" which may or may not include the change and impairment of the goods and thus the said legitimate reasons can be any reason which is legally permissible to the proprietor to oppose the dealings in the goods. Mr. Anand has argued that the courts in European countries have interpreted the term legitimate reasons to subsume the following reasons:

a) When the use of the identical trade mark seriously damages the reputation of that mark.

b) When use is carried out in such a way as to give an impression that there is commercial link between the trade mark proprietor and third party.

c) When the use is carried out in such a way so as to the give the impression to the third party is affiliated to the proprietor's distribution network or that there is a special relationship between the two persons.

11. All these reasons have been included by the courts by interpreting the term legitimate reasons. It has been urged that the said reasons are satisfied in the present case too in as much as the defendants are selling the products which are material changed or impaired and thus causing the damage to the reputation of the plaintiffs' mark. Furthermore, the defendants are purporting to establish the commercial link by using the identical brand name of internet or by hyper linking, by advertising in newspapers etc. Therefore, the present legitimate reasons must be accepted by this court entitling the plaintiffs to prohibit the dealings in the goods.

12. Mr. Anand also relied upon the following judgments to support his submissions:

? SKF USA v. International Trade Commission, 423F, 3d, 1037 wherein the court has held that material difference doctrine will include physical as well as non physical differences.

? PepsiCo v. Martin Ryes, 70 F.Supp 2d 1057(1999), wherein the court has considered non compliance of labeling requirement as material differences and

also considered the aspect marketing techniques adopted by the importer which is different from that of the plaintiff.

? *Societie Des Product Nestle v. Casa Helvetia*, 982 F. 2d 633 (1992) wherein the court has held that the difference in the proprietors goods and grey market good is sufficient to cause confusion and the court answered the question in affirmative. The court has also considered lack of warranty and after sale service as a factor which may also cause consumer confusion.

? *Gamut Trading co v. International Trade Commission*, 200 F.3d (Fed Cir) 1999 wherein the court has held that the rule of international exhaustion is not applied incase there are material difference between the foreign grey goods and the authorized domestic goods.

? *Osawa & Co v. B& H Photo* 589 F, Supp 1163 (1984) where the guarantee and post sale service was held to be material difference entitling the proprietor to oppose such sales.

? *Ferrero USA Inc v. Ozak Trading Inc*, 753 F. Supp 1240 (1991) wherein the court has stated that non compliance of the statutory requirement amounts to difference or changes which may entitle the proprietor to oppose such imports or dealings.

? *Original Appalachian Artword Inc. Granada Electronics Inc*, 816 F.2d 68 76 (1987) wherein the court has held about the material differences.

? *General Electric Company v. Mr. Altamas Khan*, an order passed in CS(OS) No. 1283 of 2006 which is an interim order passed exparte.

? *Bose Corporation v. Mr. S Mehta & Anr*, an exparte order passed in CS(OS) No. 337 of 2006.

? *Samsung Electronics Company Ltd & Anr v. Mr. Adwani & Anr*, an exparte order passed in CS(OS) No. 1583 of 2006.

? *Samsung Electronics Company Ltd & Anr v. Mr. M. Borana & Anr*, an exparte order passed in CS(OS) No. 1582 of 2006.

? *Zino Davidoff v. A & G Imports Ltd*, (2002) RPC 20 wherein the European court has evolved the tests relating to consent of the proprietor and how the same has to be proved. Further it was held that the lack of knowledge of the importer as to the objection to resale is immaterial as regards the exhaustion. It is also immaterial if the authorized retailers failed to impose a contractual reservation on subsequent purchasers.

13. In view of the aforementioned submissions and case laws relied upon, Mr. Anand concluded his arguments by stating that the present case thus warrants the grant of interim injunction as the plaintiffs have the prima facie case of established infringement, the balance of the convenience also lies in favour of the plaintiffs as the plaintiffs would be inconvenienced if the defendants are

allowed to tarnish the reputation and goodwill of the plaintiff. The irreparable injury shall also result to the plaintiffs if the parallel markets are allowed to be made by the defendants without the consent of the plaintiffs. Therefore, the interim injunction as per the plaintiffs' counsel must follow in the present case.

14. Per contra Mr. Neeraj Kishan Kaul, learned Senior counsel and Mr. Saikrishna Rajagopal and Ms. Shwetasree Majumdar, learned counsel appearing on behalf of the defendants have made their submissions which can be outlined in the following terms:

a) Firstly Mr. Kaul attempted to explain the case of the defendants by stating that the defendants are importing and selling the genuine, original and unaltered SAMSUNG printers which have been purchased and imported through the legitimate channels. The printers have been sold in the world market by the plaintiff No. 1 and the same are being imported and sold in India in the same condition as they were first sold much in the same way as the plaintiff No. 2 itself imports products from other territories and sells them in India. Thus, as per learned senior counsel, the defendants' acts of importation of the printers amounts to "acquisition from the lawful channels" and also the concept of "world market" must be brought into picture wherein there is a free world market operating without any barriers. It is thus the submission of the defendant's counsel that there is no prohibition thereafter and nor the proprietor is entitled to control the dealings in the goods once the goods are lawfully acquired from the world market.

Mr. Kaul has explained and it has been urged by him that it is nobody's case that the defendants are importing the printers from the countries which are so alien to the conditions in India so as to categorize Indian market as superior market and imported products are inferior. Rather, the imports of the printers made by the defendants are emerging from Gulf territories and China which are more or less the same territories from where the plaintiff No. 2 is also importing the printers. Therefore the complaint of the plaintiff is frivolous and meritless.

b) Secondly, Mr. Kaul, learned Senior counsel for the defendants has argued that the defendants cannot be held guilty of parallel importation in view of the applicability of principle of international exhaustion envisaged u/s 30(3) of the Act. Mr. Kaul has specifically urged that India has followed the principle of international exhaustion of the goods in respect of Trade mark law whereby if the goods are sold once by the proprietor under the trade mark worldwide, the proprietor is estopped from further questioning or challenging the further dealings of the products unless the strong case of Section 30(4) of the Act is made out by the plaintiff with evidence.

This has been explained by Mr. Kaul by citing the Article 6 of TRIPS convention wherein Members states are given liberty to choose the manner of exhaustion principle which they intend to adopt. By placing reliance on the said article 6, it has been contended by Mr. Kaul that India followed the principle of international

exhaustion of trade marks by exercising its discretion in view of the said Article 6. This has been engrafted in the form of Section 30(3) of the Act as per Mr. Kaul which speaks for itself that it is case of the international exhaustion.

Mr. Kaul, learned Senior counsel for the defendant in order to amplify his argument on India's take on international exhaustion has also relied upon the statement of objects and reasons of Clause 30 of the Trade Marks Bill, 1999 which reads as under:

Sub clause (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 the market, the provision will not apply.

Mr. Kaul also relied upon 227th Report on Copyright Amendment Bill, 2010 which reads as under:

Indian law is quite liberal in permitting Parallel Imports of genuine goods bearing the registered trade marks provided such goods have not been materially altered after they have been put in the market.... The general rule is that once trademarked goods are released anywhere in the market by or with the consent of trade mark proprietor, the proprietor cannot assert its trademarks rights to prevent imports of such goods into India, provided that such goods are not materially altered.

Mr. Kaul relied upon the case of Xerox Corporation v. Puneet Suri which is case wherein while passing an interim arrangement by the learned single judge, there are some observation to the effect of the rights of proprietor to oppose the dealings in relation to second hand goods.

Mr. Kaul relied upon some write up on Standards and Principles Concerning the Availability, scope and use of Trade related Intellectual Property Rights-Communication from India, 10th July, 1989 wherein similar observation of international exhaustion are made.

Mr. Kaul further placed reliance upon some write up or Map demonstrating regimes followed by various countries issued by International Trade Mark Association which again pinpoints the adoption of international exhaustion.

As per Mr. Kaul, learned Senior counsel for the defendants, the aforementioned statement of objects, reports, write ups, views and judgment passed by a single Judge are nothing but a strong indicators to the effect that the prevalent position governing in India in law of trademarks when it comes to importation of genuine goods is international exhaustion and not regional exhaustion. Thus, this court should vacate the interim order passed on 03.06.2011 with immediate effect as the case of defendants is squarely governed by the provisions of Section 30(3) of the Act of 1999.

c) Thirdly, Mr. Kaul, learned Senior counsel also argued that the plaintiff also admits that India follows the regime of international exhaustion in the Replication filed by the plaintiff wherein there is categorical admission made by the plaintiff. Therefore, it is all the more clear that Section 30(3) shall be applicable on international exhaustion basis.

d) Fourthly, Mr. Kaul, learned Senior counsel for the defendant has submitted that Section 30(4) on which the plaintiff is placing its reliance is an exception to the rule of international exhaustion and therefore the said exception must be narrowly construed. It is argued that the term "legitimate reasons" cannot be given a wider import so as to include any legal reason which may make the provisions of Section 30(3) as dead letters. Both Section 30(3) and 30(4) are to be interpreted together holistically so as to make them workable together and not one overpowering the other.

Mr. Kaul propounded that the Section 30(4) acts as a proviso to Section 30(3) and has placed reliance upon the treatise on Interpretation of Statutes by Justice Guru Prasanna Singh (G.P. Singh) to urge that the provisos are construed narrowly.

e) Mr. Kaul has argued that even otherwise the case of the plaintiffs does not fall u/s 30(4) as the material alterations pointed out by the plaintiffs are merely artificial in nature and the plaintiffs have not been able to point out any significant changes or impairments entitling them to oppose such dealings. It is argued that the changes like plug difference is not merely artificial but actually there is no such change exists, further, model numbers changes are also artificial, guarantee change does not make any difference as it is not only the prerogative of the proprietor to give such warrantee or guarantee. Therefore, all the changes as alleged and responded and other changes whatsoever pointed by the plaintiffs are nothing but an artificial changes which cannot be accepted as material alterations or impairment so that the plaintiff can restrain the defendants from dealing with the genuine products of the plaintiff itself.

f) Mr. Kaul has further argued that the provisions of Section 30(4) are not in pari materia with EU directives as there are differences in the wordings and therefore the judgments rendered in the relation to "legitimate reasons" cannot be pressed into service while dealing with Section 30(4).

Mr. Kaul has read both the provisions and for the sake of brevity only article 7 of the EU Directive is reproduced:

Article 7 : Exhaustion of the Rights conferred by a trade mark

(1) The trade mark 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 trade mark by the proprietor or with his consent.

(2) Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialization of the goods, especially where the

condition of the goods is changed or impaired after they have been put on the market

By reading the above provisions, Mr. Kaul has pointed out the following differences in the language:

a) Article 7(2) uses the term "further commercialization" as against Indian provision which uses the term "further dealings"

b) Article 7 (2) uses the term "goods especially where...." Whereas section 30(4) uses the term "goods in particular, where.." (The comma occurs after "in particular" in Indian section before "especially" in EU Directive)

The aforementioned two point difference as per Mr. Kaul makes the section distinct from Indian provision and therefore the section and the directive cannot be said to be *pari materia* to each other. Resultantly, the judgments cannot be relied upon relating to legitimate reasons.

g) Mr. Kaul submitted that even otherwise the term "legitimate reasons" is connected with the guarantee of identity of origin of the goods and therefore there should be some identity crises from where the goods are emanated and not otherwise wherein such legitimate reasons can be pressed into service. Accordingly, the reasons which are enlisted by the plaintiffs relating to disturbance in the distribution channels, etc are artificial and cannot be counted as legitimate reasons for opposing the further dealings.

The reliance is placed on the judgment of *The Wellcome Foundation v. Paranova Pharmazeutika Handels*, (2008) ECR I-10479 where in the court has said " the right to oppose the use of the trade mark once the goods have been put on the market only arises where such use is liable to impair the guarantee of identity of origin of the goods.

Mr. Kaul, additionally has taken the objection that the plaintiff has not taken the recourse of Section 30(4) in the pleadings and it is only in the reply to the Order XXXIX Rule 4 application such stand has been taken which also debars the plaintiff to take such stand of exception.

h) It is the contention of Mr. Kaul, learned Senior counsel for the defendants that the concept of material alteration is distinct from the concept of material differences as enunciated by the US courts. It is submitted that the plaintiffs have only pointed out the material differences and at no point of time have pointed out any material alterative which is statutorily entitles the plaintiffs to take such recourse to the exception. The Defendants have relied upon the following case laws of US courts wherein the US courts despite being lower test of material differences have negated the claim of infringements as against the material alteration which is stringent test to pass. The case laws relied upon are as follows:

1. *Matrix Essentials Inc v. Emporium Drug Mart Inc of Lafayette* decided US Court

of Appeals (fifth Circuit) no- 91-4457 which holds that the importation of identical genuine products does not per se deceive consumers and thus no infringement of trade mark liability can be found.

2. American Circuit Breaker Corporation v. Oregon Breakers Inc, (406 F.3d 577) (9th circuit), where the court holds that the differences between the products proved so minimal that the consumers who purchase the alleged infringer's goods get precise what they believed that they were purchasing. Territorial protection kicks in under the Lanham Act where two merchants sell physically different products in the same market and the same name....

3. Zip International Group LLC v. Trilini Imports Inc decided by New York Eastern District Court on May 24, 2011 wherein the court holds : Trademark Law does not reach the sale of genuine goods bearing a true mark even though the sale is not authorized by the mark owner for there is no possibility of confusion.

By placing reliance on the aforementioned provisions, Mr. Kaul contended that the goods which are not physically different cannot be opposed by the proprietor while enforcing the right u/s 30(4) of the Act.

i) Mr. Kaul has argued that the plaintiff No. 2 is not the only entity authorized to import Samsung printers and peripherals in India and not even the plaintiffs admit so. It is argued that even the plaintiffs admit that the arrangement between the plaintiff No. 1 and the plaintiff No. 2 is commercial in nature and the same cannot come in the way of prohibiting imports by any third party.

Mr. Kaul further argued that by private arrangement between the parties, the same cannot contract out the law of the land if it is otherwise permissible in law. It is argued by the private covenant wherein the defendants are not privy to the same cannot be used to the detriment of the defendants if the law permits them to import such goods u/s 30(3).

The judgment passed in the case of Universal Petrochemicals Ltd Vs. RSEB; AIR 2001 Cal 110 is relied upon to contend that a private commercial arrangement cannot override a statutory provision.

Mr. Kaul argued further to support his principal submission that the market segmentation by way private arrangement cannot defeat the legal provision by urging that the law when it enacts the exhaustion principle is actually acting against such market segmentation principle. For the purposes of the said proposition Judgment passed in Matrix Essentials Inc v. Emporium Drug Mart Inc. of US court of Appeals is relied upon wherein the court has said "Thus Matrix use of professional hair care salons as its exclusive trade distribution channel seems more marketing related than quality related".

Similarly in NEC Electronics v. Cal Circuit Abco, (810 F.2d 1506) (9th Circuit) has been relied upon to urge that if the plaintiff chooses to sell abroad at the lower prices than those it could obtain for identical products here that is its business. In doing so, it cannot look into US Trade Marks law to insulate American Market

or to violate the effects of international trade.

In *Zip International Group LLC v. Trilini Imports Inc* again US court holds the similar proposition by holding against consumer confusion on the same lines.

Mr. Kaul propounded that the purpose of such importation is immaterial so long as the right to importation exists u/s 30(3). The alleged motive of the importer is of no consequence whatsoever. If India followed a principle of national exhaustion as incorrectly advocated by the plaintiffs then the mere act of importing the products would render them infringing. It would not be open to the plaintiff to justify some imports and arbitrarily deem others infringing the same. Thus, as per Mr. Kaul importation is no prohibition under the trade mark law as also contended in point 3 sub point (viii) in the written submissions as well.

j) Mr. Kaul has painstakingly pointed out some admissions which as per the learned counsel for the defendants, the plaintiffs have made. The said admissions are enlisted as under:

? Admission in Paragraph 37 of the plaint wherein the plaintiff avers "Although the printers as being sold by the defendants appear to be genuine products of the plaintiffs, the same are illegally imported into India by the defendants and are part of "grey market" goods".

It is argued that it is thus admitted case that the defendants imported goods are genuine ones and by the plain reading of Section 30(3), the said goods cannot be categorized as infringing goods. As per the learned counsel for the defendants, the law precludes the proprietor of a trade mark from preventing the sale or resale of the goods which have been lawfully acquired by a person unless they fall within the exception provided u/s 30(4).

? Para 2- 8 at page 11 of the replication which according the defendants, the plaintiff has conceded that it is well laid down principle that material change and/or impairment of goods is an exception to the doctrine of international exhaustion".

As the defendants counsel, the whole argument of the plaintiffs relating to national exhaustion and physical differences becomes redundant and thus the plaintiffs are estopped by urging what has been admitted case of the plaintiff.

? Admission by the plaintiffs in paragraph 17 of the replication that India follows the principle of international exhaustion of rights u/s 30(3) of the Trade Marks Act, 1999.

? Admission by the plaintiff in paragraph 11 of the replication that the models of the plaintiff No. SCX 4623 F and the imported one by the defendant bearing No. SCX- 4623 FN are materially different although they are close equivalents. This as per the defendants counsel is again an admission which binds the plaintiff from urging that there is material difference between the competing models.

k) Mr. Kaul, learned Senior counsel has argued that the plaintiffs have made

misrepresentation in the plaint as to the status and the extent of operation of the defendants. It is argued that the plaintiffs have averred that they have received the information that the defendants are selling, distributing the gray market printers of the plaintiffs in the month of March 2011, on the contrary, as per the defendants, they have been an erstwhile brand shop/ authorized retail outlet of plaintiff No. 2 from the year 2000- 2004, the only IT brand shop of the plaintiff No. 2 in India.

It is argued that even when defendant No. 3 was the plaintiff No. 2's authorized outlet, it was importing and selling openly on its premises, parallel imported products that were not purchased from the plaintiff No. 2 or its distribution channels. Thus, it is not newly that the defendants have started this business but it was within the knowledge of the plaintiffs at the earlier occasions too. Thus, the plaintiffs are guilty of misrepresentation and thus the interim order ought to be vacated on account of misrepresentations.

l) Mr. Kaul, learned Senior counsel for the defendants have also refuted the contentions of the plaintiff relating to meta tagging by submitted that the defendants are selling the products which are genuine products of the plaintiffs, thus they are entitled to promote themselves as the ones selling the plaintiffs products and the way that can be described is a fair use defence and cannot be categorized as infringement u/s 29 of the Act.

15. This has been explained by placing reliance on the following judgments:

a) *Playboy Enterprises Inc v. Welles*, 279 F.3d 796 (9th Circuit) wherein the court said that with regard to headlines and banner advertisements has no practical way of describing herself without using the trademarked terms..... Forcing (Welles) to use absurd turns of phrase in their metatags such as those necessary to identify (Welles) would be particularly damaging in the internet search context. Searchers would have a much more difficult time locating the relevant websites if they could do so only by correctly guessing the long phrases necessary to substitute for trademarks".

b) *New Kids on Block v. News America Publishing Inc*, 971 F.2d 302 (9th Circuit) wherein the court has held that such a normative use of a mark- where the only word reasonably available to describe a particular thing is pressed into service- lies outside the strictures.

16. Mr. Kaul thus contended that the defendants cannot be held guilty of meta tagging as the plaintiff products under the mark SAMSUNG can be described in the manner done by the defendants.

17. By making the aforesaid submission, Mr. Kaul concluded his arguments by submitting that the interim order passed on 03.06.2011 is liable to be vacated as there is no prima facie case in view of the clear legal position relating to exhaustion of rights, and balance of convenience is also in favour of the defendants as the defendant should be permitted what is legally permissible and

the irreparable damage will result to the defendants for the very same reason.

18. I have gone through the plaint, written statement, replication and documents filed by the parties and have also given careful consideration to the submissions made at the bar as enlisted above. Before dealing with the submissions of the parties, I deem it appropriate to first discuss the law on the subject.

IMPORTATION OF GOODS UNDER THE MARK AS AN INFRINGEMENT OF THE TRADE MARK

The first question which according to me falls for consideration is as to whether the provisions of Trade Mark Act, 1999 provides for the import of goods as an infringement and if so whether it can be said to include genuine products emanating from the proprietor from international market although it may not be with the consent of the proprietor. Therefore, I shall first examine the aspect of infringement.

For the sake of convenience, the provisions of the trade marks act are reproduced hereinafter:

Section 29(1) of the Trade Marks Act, 1999 provides for registered trademark, which reads as under:-

Section 29(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."

Section 29(6) of the Trade Marks Act, 1999 reads as under:-

"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.

19. On conjoint reading of Section 29(1) along with Section 29(6), it becomes amply clear that for the purposes of Section 29, a person uses a registered trade mark if in particular, he imports or exports the goods under the mark which means that the act of importing or exporting goods under the mark is treated to be as use of a registered trademark for the purposes of Section 29, and therefore, importation is in clear and explicit terms of Section 29(6)(c) read with

Section 29(1) of the Trade Marks Act, 1999, is an infringement of the trademark.

20. Furthermore, Section 29(1) has following essential ingredients:-

- a) a registered trademark is infringed by a person;
- b) who not being a registered proprietor;
- c) or, a person by way of permitted use;
- d) Uses in the course of a trade;
- e) A mark which is identical or deceptively similar to;
- f) A trademark in relation to goods or services in respect of which the trademark is registered;
- g) In such a manner to render use of trademark likely to be used as a trademark.

21. These are some essential ingredients for attracting infringement u/s 29(1). In this perspective, one can easily gauge the legal position which is that if a person who neither being a registered proprietor nor a person using by way of permitted use, uses in the course of trade a mark which is identical to the trademark in relation to the goods in respect of which the mark is registered in such a manner so as to render, but use of the mark likely to be taken being use of a trademark, then the said act is an infringement u/s 29(1).

22. Applying the act of importation as use as mentioned in Section 29(6) to Section 29(1), it can be discerned that any importer who is not a registered proprietor or permissive right holder, if imports the goods under the mark which is identical or similar to a trademark in relation to the goods in respect of which the trademark is registered so as to render the use of the mark likely to be taken as a trademark, then the said act of importation amounts to infringement.

23. A logical corollary which follows from the plain wordings of Section 29(1) and Section 29(6) is that either the importer must be permitted or permissive right holder from the proprietor or must be a registered proprietor so as not fall within the purview of Section 29 as otherwise the rigors of Section 29(1) shall apply strictly.

24. It is well settled law that when the plain reading of section itself is clear, then no departure is permissible from the plain rule of construction.(Kindly see judgment passed in This has been followed in Association For Development Vs. Union of India (UOI), wherein this court approved the literal rule and observed that "it is not the duty of the court to enlarge the scope of the legislation when the language of the provision is plain and unambiguous).

25. In the present case, once Section 29(1) and Section 29(6) are read conjointly, it becomes unambiguous in view of explicit terms of 29(6) (which clearly equates the export or import with the use for the purposes of entire Section 29), that the act of importation amounts to the infringement, if the said

importer is not registered proprietor or permissive right holder.

26. Thus, in law it cannot be said that there is an unfettered right of importation of goods under the mark. On the other hand, in the normal course, the act of importation without the consent of the registered proprietor amounts to an infringement. This also negates the concept of free flow of goods in the world market as the Section 29 clearly put barriers on importation and had there been such a legislative intent to remove barriers on imports or exports and to promote free commerce under the goods of identical trade marks, Section 29(6) ought not to have provided for the acts of importation or exportation as a use of the mark for the purposes of Section 29.

27. Plainly and clearly, there is no such unfettered right of importing and there are restrictions imposed on the rights of importation by specifically prescribing it as an infringement and also other incidental remedies under the trade marks Act and Custom laws.

28. It is however still to be looked into as to whether the said fettered right of importation can subsume to the genuine goods as it can be argued that it is doubtful as to how the importation of genuine goods can be termed as infringement of the owners registered trademark. This can be seen again if one reads Section 29(1) plainly, it does not distinguish between a person either importing a genuine goods or non genuine goods for the purposes of attracting the provisions of infringement which is a statutory indicator to the effect that there is no such distinction.

Furthermore, there is no legislative provision which carves out any such exception u/s 29 for the purposes of genuine or non genuine goods.

29. There is no proviso to Section 29(6)(c) which excludes the genuine products from the acts of import or exports nor there is any explanation appended to Section 29(6)(c) clarifying the aspect of importing or exporting. This at least holds good plainly by reading of Section 29.

30. In the absence of the any such legislative provision or exception under the principle provision of infringement u/s 29, it cannot be assumed on a priori basis that there is any such exception exists under the law exempting importation of genuine goods from rigors of infringement when the said act amounts to use of identical mark on the identical goods and when the importer is not registered proprietor or permissive user uses the same in the course of the trade clearly falls within Section 29(1). (On a separate note I shall examine Section 30 separately under the next head which according to me operates differently as the discussion at present is confined to Section 29 only.)

This view also gains strength in view of the well settled principles of law that the courts are not add words or delete words from the statute so as to enlarge or limit the scope of the sections. The courts are rather to interpret the law as it exists in the statute book on the plain reading and not to put to qualifications

which are not legislatively engrafted.

31. The only line of demarcation which seems to be logical in the absence of legislative exception is that if the said importer is either a registered proprietor and in that case he will be protected by applicability of Section 28(3) or 30(2)(e) wherein the suit for infringement against the registered proprietor is not maintainable or if he is permissive right holder which will attract the proprietor's consent in the form of permissive right to the said importation, the said importer can escape the liability of infringement and not otherwise.

32. Further, the permissive right is a right which must emanate from the registered proprietor by way of permitted use in the manner prescribed under the Act and cannot be said to be an implied one on the basis of proprietor's throwing the goods in the market. This kind of assumption is only feasible if there is a legislative provision to this effect speaking clearly about the same but I find in the later part of the discussion that the import of Section 30(3) on the plain reading as well as contextual reading does not inform the same. Thus, in the absence of any deeming fiction or presumption, the permissive right mentioned u/s 29 cannot be equated with the implied consent of the proprietor by way of registered proprietor's putting the goods in any market.

33. In view of the above discussion, it can be said that in the absence of any other line of demarcation or difference between genuine or non genuine goods for all practical purposes, the rigors of law u/s 29(1) of the Trade Marks Act, 1999 for the purposes of infringement will be applicable to the fullest extent except what has been provided as an exceptions within the section itself which is use either being a registered proprietor or a permissive right holder. Therefore, a fortiori it follows that act of importation of the goods bearing the mark of the registered proprietor without the importer being a registered proprietor or permissive right holder is statutorily engrafted infringement u/s 29 of the Trade Marks Act, 1999.

34. Thus, It cannot be contended that there is a free market economy worldwide which permits any such inflow of goods by way of importation without any barriers and there is no infringement if the goods bearing the mark are imported in the country especially in India when the said Section 29(1) read with Section 29(6)(c) explicitly and in clear terms provide so.

35. Thus, the fettered right of imports or exports amounting to infringement further gets restricted in the sense that in whatever manner the said imports under the mark (be the genuine or counterfeit) are carried out, the said acts if not done by the registered proprietor or the permissive right holder straightaway amounts to infringement.

36. The controversy as to whether import of genuine products an infringement or not, is sought to be resolved by answering the same in affirmative by the authority on trademark law, namely, Modern Law on Trade Marks, 3rd Edition (2008) by Morcom, Roughton & Malynicz - LexisNexis, wherein the learned

author very minutely observed and finds that even the imports of genuine product is an infringement in context of UK law.

16.3 - The legal analysis arises as follows. Trade Marks are territorial. A United Kingdom trade mark covers the United Kingdom. A Community trade mark covers the Community. Both the Trade Marks Directive and Community Trade Mark Regulation (CTMR) cite the act of importation as an example of an infringing act. Because a parallel import of a genuine product amounts to the use of an identical mark on identical goods, the importation of such goods is treated in some senses as a very straightforward infringement..... [Emphasis Supplied]

37. I fully endorse the view expressed by the learned author and this observation of the learned author is only by reading that it amounts to use of the identical mark on identical goods. There is no reason why the above analysis cannot hold good in the Indian context when Section 29(1) provides for the said infringement and Section 29(6) further makes the same position again clear in unequivocal terms.

38. Therefore, the import of genuine goods is an equal infringement as that of the counterfeit goods in the absence of the any legislative measure distinguishing the two and also by virtue of plain reading of Section 29 and more so when the authorities on trade mark law also provides for the same view. This answers the residual proposition framed above which is that the import of even genuine products can attract the infringement u/s 29.

At this stage, I would like to also clarify that for all practical reasons the provision of Section 29(1) as well as the discussion done above cannot be misconstrued to mean that there are barriers to imports of the goods under the trade mark by anyone for any purpose. It is only the cases which shall strictly fall within the provisions of Section 29 wherein there is an import of goods under the mark by the person which has been further put to use "in the course of trade" as mentioned u/s 29 shall be called as an infringement and not all other cases.

39. After analyzing the import of Section 29 which provides for infringement of trade marks, it is for me to now discuss the nature and the scope of Section 30 of the Trade Marks Act more particularly Section 30(3).

NATURE AND SCOPE OF SECTION 30(3) OF THE TRADEMARKS ACT, 1999: IT ACTS AS A MATTER OF DEFENCE OR EXCEPTION

40. Section 30(3) of the Trade Marks Act, 1999 acts as an exception to the infringement of registered trade marks as the head note of Section 30 itself speaks for itself which says limits on the effects of registered trademark and the wordings of Section 30(3) in particular also states that the selling of goods in the market or otherwise dealing in those goods is not an infringement of trademark.

41. All these wordings mentioned in the Section 30(3) coupled with its head note make it clear that the present section acts as an exception to the rule of infringement which presupposes that absents the said provision which is

Section 30, the acts mentioned therein shall be an infringement.

42. For the purpose of convenience, the Section concerning the present case is reproduced herein :

Section 30(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.

43. The said Section 30(3) is thus an exception to the rule of infringement as provided Section 29. The said exception operates in the nature of defence to an infringement wherein the person using the mark in a particular form or dealing otherwise in the goods under the mark can plead that the said goods are lawfully acquired from the market wherein the proprietor has also put the goods in the market or the proprietor has given consent to the effect of such dealings or usage. It is however another thing which I shall examine later that in what field Section 30(3) operates and whether it can be said to include within its purview the imports.

44. At this stage, for understanding sake about the nature and scope of the provision, it is proper to state that is one of the exceptions to the infringements envisaged u/s 30 and more particularly Section 30(3) operates as an defence to an infringement. This discussion becomes necessary in order to understand the real scope of the provisions as number of submissions have been made at the bar that Section 30(3) provides some right to import genuine goods to the person acquiring the goods. Thus, it became incumbent and inevitable to examine whether the said Section 30(3) is a right conferring section or merely acts a defence to the infringement. In this backdrop, I find that the rights of the proprietor of the registered trade mark are provided u/s 29 and other section relating to other remedies. Section 30 or for that matter Section 30(3) just operates an exception by putting limits to the rights conferred upon the registered proprietor and cannot be equated the one giving some additional right to some other person to import the genuine goods from the international market. Of course, this cannot be intent and purpose of legislating any such limitation to the general rule of infringement of trade marks. The purpose is rather different which is to exclude the person from the purview of infringement if the conditions for applicability of Section 30(3) are satisfied. The limitation or exception will thus operate to that extent only for which it is enacted carving out an exception to the infringement and not beyond the same by giving any additional right to any such person incidentally.

45. The consent of the proprietor operates as a defense to the infringement of the trademark is also observed in the authority namely Modern Law on Trade Marks, 3rd Edition (2008) by Morcom, Roughton & Malynicz - LexisNexis, wherein it is said as under:

16.4 - It is a complete defense in respect of any infringing act, including importation, to show that it has been done with the consent of the proprietor. This has led parallel importers to argue in the "international exhaustion" cases that the mere fact that goods have been put on the market somewhere in the world by the proprietor, or with his consent, can be taken to indicate that he has implicitly consented to their importation into the area of protection of the relevant national or Community trade mark. As we shall see below, this argument has essentially been rejected at the highest level, thus forcing parallel importers to try different arguments, mainly concerning the question of consent, some of which have been more successful than others. (Emphasis Supplied)

46. From the above, it is clear that the provision relating to exhaustion or proprietor's consent is a complete defense to an infringement act. However, the same can be seen depending upon the language of the legal provision in the form in which it is couched in order to discern whether it is national exhaustion or international exhaustion and the argument of parallel importers can be accepted or rejected depending upon the scheme of the Act and circumstances arising in view of the legal provisions existing under the law. At this stage, it is only necessary to examine the nature and scope of the provision which is the proprietor's consent is the defence to an infringement.

47. After this discussion, it can be safely said that the nature and the scope of Section 30(3) is that it operates as a defence to the infringing act and cannot be said to giving any additional right beyond the same.

PLAIN AND CONTEXTUAL INTERPRETATION OF SECTION 30(3) AND 30(4) OF TRADE MARKS ACT 1999

48. Now, let me evaluate what is the possible interpretation of Section 30(3) and Section 30(4) of the Act on the basis of the plain reading of the enactment.

Section 30(3) reads as : 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.

49. From the bare reading of aforesaid section, it becomes clear that Section 30(3) has following essential ingredients:

- a) Where the goods bearing registered trademark are lawfully acquired by a person.
- b) The sale of goods in the market or otherwise dealing in those goods by a person is not an infringement by only reason of.
- c) registered trademark having been assigned by the registered proprietor to some other person, after the acquisition of those goods or
- d) goods having put on the market under the registered trademark by the proprietor or with his consent.

50. These are essential ingredients for attracting Section 30(3) of the Act, which acts as complete defense to infringement of trademark. The opening words of the said section are important, need examination and deserve to be noticed, which say " where goods bearing a registered trade mark are lawfully acquired by a person ..."

51. From the reading of these words in the statute book, it is not reflected as to from what source, the said goods bearing registered trademark are lawfully acquired by a person which enables the importers to argue that the goods purchased from foreign country although bears mark identical to registered trademark owned by a proprietor in India are lawfully acquired by them and therefore the said circulation of goods by those importers in the market should not be treated as infringement.

52. The use of the words "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 canon 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.

54. In High Court of Gujarat and Another Vs. Gujarat Kishan Mazdoor Panchayat and Others, , the Supreme Court held as under:

35. The Court while interpreting the provision of a statute, although, is not entitled to rewrite the statute itself, is not debarred from "ironing out the creases". The court should always make an attempt to uphold the rules and interpret the same in such a manner which would make it workable.

36. It is also a well-settled principle of law that an attempt should be made to give effect to each and every word employed in a statute and such interpretation which would render a particular provision redundant or otiose should be avoided.

55. This can be seen if one reads the opening words of the section " where the

goods bearing registered trade mark are lawfully acquired by a person" with the sub clause (a) which is that the proprietor cannot oppose the further dealings of the said goods only by reason of the registered trade mark having been assigned by the registered proprietor to some other person, after the acquisition of those goods.

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.

59. This can be seen by looking at the instance by applying opening words to include imports. For instance, if the SAMSUNG good is taken from Hong Kong market and brought into the Indian market by way of import and however in the meanwhile during the course of acquisition from Hong Kong Market, the Indian entity of SAMSUNG sells the brand name SONY or to some other company for Indian Territory. Now, for applicability of clause (a), the registered proprietor must assign the mark to some other person after the acquisition of the goods and the said criterion is not met at all. This is due to the reason as to how the registered proprietor will come to know as to where and which part of the world

such acquisition of the goods has taken place and if he incidentally assigns the mark to some third party, how the assignee will enforce his rights and how the person acquiring the good can be given liberty to invoke the defence at the places where not even registered proprietor nor assignee is aware of such transaction of acquisition at all. Further, the registered proprietor shall always remain in dark as to where can he or his assignee can oppose the market dealings of which products in case the said provision is allowed to be given such a wider import.

60. This anomalous situation will create worldwide havoc as the proprietor cannot be said to be aware about whatever acquisition of his goods occurred worldwide in any market and the proprietor on that count cannot control the market at all and even if he assigns the trademark for one particular country, the assignee cannot control the inflow of goods even when both are not privy to such acquisition anywhere from the world. In short, this interpretation of opening words leads to absurd results and makes sub clause (a) redundant or unworkable.

61. This cannot be the import of the section and it cannot be that Indian Section 30(3)(a) is so widely couched that it can give a licence for worldwide selling of the goods on both the grounds mentioned in Section 30(3) of the Act. Therefore, if one applies the interpretation where the goods are lawfully acquired by a person in a broader perspective then the clause (a) would become redundant or otiose. Further, the wider import of the opening words further leads to anomalous results in its applicability and the working and operation of clause (a) becomes questionable.

62. However, if one reads Section 30(3) plainly and contextually, then it is possible to give the correct and precise meaning to the section and also it does not lead to any absurd results or renders any provision otiose. Rather, the contextual reading of the section in the present case makes the provisions workable in their respective fields and sets harmony between the provisions.

63. It is well settled principle of law of contextual interpretation that a general words may sometime receive a limited interpretation by reason of its context in respect of which it is used. The terms used in section may have a general meaning in a general sense, but can be controlled by the company they keep with the later part of the words in the section, and therefore, it becomes relevant to analyze in the context in which the said wordings/ terms are used so that the entire provision may become workable/operative and should also not lead to conflict between other provisions of the Act or making the other provisions otiose.

64. It has been held in *Bentley v. Rotherham* (1876) 4 Ch D 588 p. 592 (Jessel, MR) "the rule is of general application as even plainest terms may be controlled by the context".

65. Likewise, in the case of *Reserve Bank of India Vs. Peerless General Finance and Investment Co. Ltd. and Others*, , the Apex court has elucidated the rule of contextual interpretation by observing as under:

Interpretation must depend on the text and the context. They are the bases of interpretation. One may well say if the text is the texture, context is what gives the colour. Neither can be ignored. Both are important. That interpretation is best which makes the textual interpretation match the contextual. A statute is best interpreted when the object and purpose of its enactment is known. With this knowledge, the statute must be read, first as a whole and then section by section, clause by clause, phrase by phrase and word by word. If a statute is looked at, in the context of its enactment, with the glasses of the statute maker, provided by such context its scheme, the sections, clauses, phrases and words may take colour and appear different than when the statute is looked at without the glasses provided by the context. With these glasses the court must look at the Act as a whole and discover what each section, each clause, each phrase and each word is meant and designed to say as to fit into the scheme of the entire Act. No part of a statute and no word of a statute can be construed in isolation. Statutes have to be construed so that every word has a place and everything is in its place. (Emphasis Supplied)

66. While going through the above mentioned authorities and illuminating observations of Supreme Court in relation to contextual interpretation which has been followed consistently by Supreme Court as well as High Courts, it becomes amply clear that the rule of contextual interpretation is well recognized and in the case where there is an ambiguity where the terms are amenable for two meanings; one is wider and one is narrower, then the Court must give effect to the words by adopting recourse to the plain rule of construction and also see the context in which they are used.

67. Therefore, the present Section 30(3) and 30(4) of Trade Marks Act, 1999 are to be given interpretation of the words which are plainly existing in the Statute which if read in isolation without examining the context may in argumentation leave a room of doubt that they may have some wider meaning but if they are read with the glasses of the context in which they are used it becomes crystal-clear that they cannot have any other meaning at all in the context in which they are used in the Statute Book.

68. Let me now evaluate the wordings of Section 30(3) and Section 30(4) with the glasses of the context in which they are used so as to discern the true colour of the enactments. The same can be seen in my analysis done below:

a) The import of opening words "where the goods bearing registered trademark are lawfully acquired by a person" is to be seen in the context in which they are used and further reading of the said section along with other ingredients of the section would make it clear that when the sub clause (a) speaks "the registered trade mark having been assigned by the registered proprietor to some other person", then the same should emanate from the registered proprietor within the same market or a person lawfully represents to be proprietor within the market and not outside the same. This is due to the reason that the section uses the wordings in sub clause (a) that the registered trade mark having been assigned

by the registered proprietor to some other person after the acquisition of those goods. This presupposes that the registered proprietor at the time of the assignment of the registered trade mark to some other person is aware of the lawful acquisition of the goods by a person. Resultantly, all of the persons must coexist within the same market and it cannot be said that the lawful acquisition takes place in international market and assignment of the registered trade mark takes place in some other market and thus the said provision may become inoperative or otiose and leads to absurd results.

All this collectively and contextually means that if the goods are once acquired by a person through a registered proprietor within the same market or may be as a distributor of the registered proprietor within the same market, then the registered proprietor or his assignee cannot turn around and state that is an infringement of his trademark solely on the count that there is change of ownership by way of an assignment between the registered proprietor and some other person and seek prohibition on the dealings of the goods. The said interpretation makes it more meaningful and Section 30(3)(a) operates to the fullest extent as against in sharp contradistinction if the opening words are given wider interpretation to subsume that a person acquiring the goods from a foreign market or importing goods, then it becomes highly questionable and doubtful as to how Section 30(3)(a) stands in favour of the person acquiring goods from foreign market.

b) If the interpretation of the wordings "where the goods bearing a registered trade mark are lawfully acquired by a person" is controlled by the context for the purposes of applicability of clause (a) then it can be no different for the purposes of applicability of clause (b) as well, because the wordings are same for both the grounds and rather they are emerging from the same provision. Thus, different import cannot be given for the applicability of respective two grounds clause (a) and clause (b). This is another reason which is compelling to give limited and contextual interpretation of the opening words for the purposes of clause (b) as well.

c) Thirdly, the opening words "where the goods bearing a registered trade mark are lawfully acquired by a person" are itself very clear by the mere reading of the same and implicit in the same is that the said acquisition is within the domestic market. This is due to the reason that the words say "where the goods bearing a registered trade mark are lawfully acquired by a person". If the trademark is registered in one country, then the goods bearing the said registered trademark can be lawfully acquired from that country only. It cannot be the case that the goods under the registered trademark can be acquired from another country as otherwise it would be an infringement u/s 29(1) read with 29(6) of the Act which says import of goods under the identical mark amounts to use and thereby infringement. Thus, the plain reading of opening words itself are clear and unambiguous that the goods which are acquired bearing the registered trade mark and further qualification of "lawfully acquired" makes them unequivocal and

clear that the said acquisition has to be originated from the domestic market itself where the trademark is registered and not from elsewhere.

Thus, the interpretation of widest amplitude cannot be given to the opening words as otherwise it will lead to direct conflict between the opening words of Section 30(3) and that of Section 29(6)(c) where the import of goods under the mark is an infringement and if anyone is permitted to acquire the goods anywhere from the world under the registered trademark, then Section 29(6)(c) and its applicability shall stand nugatory.

It can be argued at this stage that the said Section 30(3) is itself the exception and thus the goods bearing the registered trade mark and its lawful acquisition cannot be said to be infringement u/s 29(6). There is inherent fallacy in the said argument as the Section 30(3) permits as an exception only those goods which bears registered trade mark which are acquired lawfully. The word lawfully will also include operation of trade mark law for the time being in force. In absence of any exception u/s 29 or before beginning of Section 30(3) excluding the imports under the identical mark as an infringement, it cannot be assumed that the wording lawful acquisition will exclude the rigors of Section 29(1) read with Section 29(6) and thus the said argument fails being fundamentally wrong.

d) 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 trademark and therefore originate from the domestic market. At the best, it can be said that they are silent about the lawful acquisition.

The said words do not say that the said lawful acquisition can be from anywhere or from any place and therefore it cannot be read into the express provisions of the statute to modify the words where the goods bearing the registered trademark are lawfully acquired by a person from any place as the interpretation which has been canvassed to use this terminology in the manner to give the same effect where it may subsume "import" would lead to adding the words from any place in the Statute when in fact none exists.

It is well settled that the Courts are not to add the words in the Statute or omit in the Statute or enlarge or limit the scope of the wordings but they are to interpret the law as it stands.

Accordingly, it would be lawful to confine the wordings of the section as where they stand in the Statute Book that adding any words may lead to enlargement the scope of the section.

If one sees from that standpoint that the goods bearing the registered trademark are lawfully acquired makes it amply clear that they are originated from the same market or Indian market where the trademark is registered, rather than from "any place".

e) The wordings "where the goods bearing a registered trade mark are lawfully acquired by a person" also needs consideration as it has been discerned above that import of the goods under the mark is an infringement u/s 29(6)(c) of the Act. Therefore, it is doubtful as to how the "import" can be said to be lawful acquisition as the said import itself will contravene the provisions of Trade Mark Act only, which is Section 29(6)(c). Hence, it cannot be said that the said import of the goods is lawfully acquisition till the time Section 29(6)(c) stands in the way. Therefore, it is another compelling factor which militates against the possible interpretation of acquisition from any place rather than lawfully acquisition.

The reading of clause (b) also needs to be considered in view of the fact that it is the bone of contention that once the registered proprietor has put the goods on the market, therefore, the market means "any market" or "world market" and the registered proprietor is estopped from objecting to the same on the counts of infringement.

Again, there is an inherent fallacy in the said argument as it has been seen above that lawful acquisition of goods bearing the registered trademark has been from the domestic market as per the contextual reading done above. Thereafter, the sale of said goods in the market or otherwise dealing in the said goods has to be in the same market only and subsequently the registered proprietor has put the goods within the same market only and not in some other market.

The simple and precise example of applicability of sub clause (b) would be again where the company supposedly SAMSUNG has given the goods to the distributor to supply in the market which can be said to be lawfully acquired by the distributor bearing the registered trade mark or to some other person for further selling. The said goods can be sold by him freely within the market without objection from the registered proprietor even if the registered proprietor has himself launched the goods in the market by putting himself the said goods or with his consent by someone else which means that by creating a competition amongst the persons who have lawfully acquired the goods, the proprietor cannot refrain the said lawful acquired goods by himself coming into the market either by himself or through someone else.

Now, this may not hold good again in the international perspective. This is again due to the reason that lawful acquisition has to be originated from the same market/ domestic market as stated above in view of contextual reading and therefore the sale of goods by such person has to be in the same market from where the goods are originated and the reason of proprietor not objecting so by putting the goods himself in the market also has to be in the same market/ domestic market and not otherwise. Thus, the entire Section 30(3) read with clause (b) is speaking about only one market which is Indian market and no separate connotation to the word "market" can be given within the same section. This is due to the following reasons:

I. Once the lawful acquisition has been made from the domestic market then, the said Section 30(3) when it speaks sale of goods or further dealings in the market has to be the same market from where the goods are acquired and the said section cannot give permission to the said acquirer to sell the goods to the worldwide market. It is to be remembered that one is concerned with Indian Trade Mark act wherein the section contemplates that goods bearing registered trademark are purchased by a person which according to the interpretation has to be from the domestic market then it is incomprehensible to assume by purchasing the goods from the Indian market, the law of the land is giving permission to sell to the goods worldwide which leads to anomalous situation and therefore the words "in the market" cannot be substituted/supplanted with the words "any market" which shows fallacy in the argument of the defendants.

Thus, once the situation becomes clear about the import of the opening words of the section, then the said lawful acquisition due to the controlling words registered trademark must originate from the domestic market/ national market, and the subsequent wordings has to be also given contextual reading and the wider import of the same words "in the market" cannot be given to include "worldwide market". Thus, it has to be confined to within the same market as otherwise it would lead to giving permission to sell anywhere in the world by purchasing from India which cannot be the purpose and intent of legislature while enacting such exception to infringement of Trade Mark in India in the Indian law.

II. The wordings which have been used in sub clause (3) of Section 30 are "in the market" and "on the market", once in sub section (3) which is "in the market" and in sub clause (b) "on the market". Now, the argument which is raised is that even if the goods are imported from anywhere in the world, the said goods can be circulated in any market by the said purchaser without any objection from the proprietor once he has put the goods in the market on the presupposition that the word "market" means "any market".

I am not inclined to accept this interpretation as it is not clearly emerging from the section. This is due to the reason which again makes its beginning from the opening words which is that the lawful acquisition has to be in the same market and thereafter the sale of goods has to be in the same market by the purchaser and as seen from the preceding point I above. It cannot be that the words "in the market" can be given a worldwide effect as otherwise it will give a licence to anyone to purchase the goods from Indian market and to sell anywhere in the worldwide market. Therefore, the words "in the market" in sub section (3) has to be domestic market.

Now, the only question left for consideration is whether the goods having been "put on the market" is to be read in the context of some separate market or within the same market which is clause (b) and again the words goods having been put on the market necessarily and invariably have to be in the same market.

This is due to the reason that the word "market" is not qualified by any other word either in clause (3) or sub clause (b). It is just mentioned "in the market" and "on the market". Had there been a separate meaning ascribed to the word "market" in sub clause (3) and in (b), then there must have been a qualification before or after the word "market" in both the provisions which is not so present.

Furthermore, once it is clear that lawful acquisition has to be from the domestic market, the permission to sell by the purchaser has to be in the domestic market, then how come the proprietor just having thrown the goods in international market can benefit the lawful purchaser from domestic market to sell goods in the domestic market. Therefore, the words "on the market" are and have to be relating to the same market. Thus, the word or words "in the market" or "on the market" has to be read in the context from where the lawful acquisition is made which is domestic market and cannot be ascribed any other meaning like that of international market.

III. The words used u/s 30(3) and (b) are "the market" and not "any market". Again reading of the same otherwise would lead to adding the words in the statute which is impermissible and the market has to be the specific market and not any market and has to be given grammatical, ordinary and plain meaning, rather than departing from the plain rule by giving the rule of any market.

IV. The words "on the market" are not merely used in Section 30(3)(b) of the Act, but are also used in the similar context in Section 29(6)(b) of the Act wherein it contemplates that offering, exposing or putting the goods on the market is an infringement.

Now, one has to understand that if the words "on the market" as stated in Section 29(6)(b) are interpreted international market, then there cannot be any infringement as a trademark law of the registration extends only to the territorial bounds of India. Therefore, if anyone exposes the goods or put the goods on the market if that is the infringement then the said market invariably has to be domestic market and if that is so, then how the exception to an infringement u/s 30(3) when it uses the words "in the market" or "on the market" can be given wider import extending it to international market when the principal section of infringement uses the identical words "on the market" which leads to the conclusion it is domestic market upon its contextual reading.

V. Once the words "on the market" are used there both in Section 29 and Section 30 of the Act and there is no separate definition clause before the initiation of Section 30 for the words "on the market", in the absence of the same, it is futile exercise to assume that the "on the market" or "in the market" can be given separate connotations for the purposes of applicability of Section 29 and 30 differently.

It is well settled principle of law that when the legislature uses the same word in different parts of the same section or a Statute, there is a presumption that word is used in the same sense throughout. (Kindly see *Bhogilal Chunilal Pandya Vs.*

The State of Bombay, and Raghubans Narayan Singh Vs Uttar Pradesh Government reported as AIR 1967 SC 465).

In Bhogi Lal (supra) Hon^{ble} Wanchoo J. observed thus:-

Words are generally used in the same sense throughout in a Statute unless there is something repugnant in the context.

In the present case if one analysis the words "on the market" and "in the market" in the context in which they are used, it cannot be said that contextually a departure can be made between the section of infringement which defines an act of putting the goods on the market as an infringement at one place and it cannot be said that same word "on the market" when used in Section 30, which is an exception to an infringement, can be contextually different to denote it as an provision of infringement.

Therefore, contextually both the words "on the market" in Section 29 and Section 30 are same and likewise the term "in the market". This again leans the interpretation to believe that the words "in the market" or "on the market" are concerning to the domestic market and not otherwise.

69. For all the above reasons, if one reads Section 30(3) and its sub clauses (a) and (b) contextually, it can be discerned that the nowhere it indicates any concept of international exhaustion stemming from the said section. Rather, the plain and contextual reading of entire section reveals that the said section contemplates a particular situation where the goods bearing the registered trade mark are lawfully acquired and their consequence thereof which cannot be culminated into infringement due to change of ownership or proprietor's putting himself goods in the market. The said section operates within one market where the registration of registered trade mark extends. Reading it otherwise would be misreading or ignoring the words in the statute like "registered trade mark", "lawful acquisition" and would be rendering the words in the statute as dead letters or inoperative.

70. Given the analysis above on the basis of plain and contextual reading of Section 30(3), the matter can also be looked into by comparing the similar provision existing under the law of trade marks in UK so as to gauge what can be interpretation of the provision in that scenario existing in UK.

Comparative Analysis of Indian provisions with that of UK Trade Mark Act.

71. It is, at this stage, relevant to examine the position as it exists in the UK Trade Mark law pertaining to the question which falls for consideration which is that once the proprietor puts on the goods in the market, then he loses the right to object for subsequent sale of goods by the said purchaser.

72. For the sake of convenience, relevant provisions relating to UK Trademark Act, 1994 are reproduced hereinafter and for the sake of comparison, the relevant provisions of Indian Trade Marks Act, 1999 are also reproduced below:-

UK TRADE MARK ACT, 1994

Section 9- Rights conferred by registered trade mark -

(1) The proprietor of a registered trade mark has exclusive rights in the trade mark which are infringed by use of the trademark in the United Kingdom without his consent.

The acts amount to infringement, if done without the consent of the proprietor, are specified in section 10.

(2) References in this Act to the infringement of a registered trade mark are to any such infringement of the rights of the proprietor.

(3) The rights of the proprietor have effect from the date of registration (which in accordance with section 40(3) is the date of filing of the application for registration):

Provided that -

a) No infringement proceedings may be begun before the date on which the trade mark is in fact registered; and

b) No offence u/s 92 (unauthorized use of trade mark, & in relation to goods) is committed by anything done before the date of publication of the registration.

Section 10(4)

For the purposes of this section a person uses a sign 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 sign, or offers or supplies services under the sign;

c) imports or exports goods under the sign; or

d) uses the sign on business papers or in advertising.

Section 12 Exhaustion of rights conferred by registered trade mark

(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 the trade mark by the proprietor or with his consent.

(2) Sub.-section (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).

Indian Trade Mark Act, 1999

28. Rights conferred by registration - (1) Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the user of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain in respect of infringement of the trade mark in the manner provided by this Act. (2) The exclusive right to the use of a trade mark given under sub-section (1) shall be subject to any conditions and limitations to which the registration is subject.

(3) Where two or more persons are registered proprietors of trade marks, which are identical with or nearly resemble each other, the exclusive right to the use of any of those trade marks shall not (except so far as their respective rights are subject to any conditions or limitations entered on the register) be deemed to have been acquired by any one of those persons as against any other of those persons merely by registration of the trade marks but each of those persons has otherwise the same rights as against other persons (not being registered users using by way of permitted use) as he would have if he were the sole registered proprietor.

Section 29(6)(c)- imports or exports goods under the mark; or Section 30(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 registered proprietor to some other person, after the acquisition of those goods; or

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

73. On fair comparison of both the provisions existing in UK and Indian law, the following few points are noteworthy and can be immediately discerned:-

a) That the rights conferred on the registered proprietor of trade mark in UK is the exclusive right to use the said trademark and to prevent infringement in the United Kingdom only.

b) The said Trade Mark Act in UK under the Section 12(2) of infringement uses identical expression "on the market" just like in the Indian Act but when it comes to the question of limitation of infringement u/s 12, the wordings of Section are changed and the wordings used are "put on the market in the European Economic Area".

This has been a deliberate/conscious insertion vis-?-vis the limitation section/exception is concerned due to the reason that the framers of that section or the law intended to give the wider import to the provisions of exhaustion of rights knowingly or consciously that if they will confine to the wordings, "on the

market" then it will only limit the principles of exhaustion in United Kingdom only in view of the explicit terms of Section 9 of the UK Act. Therefore, the framers of UK Act have consciously inserted the wordings "in the European economic area" in order to confer the wider right so that even if the goods are put on the market of European Economic area, the right to object for further sale is taken away.

Although, this I have discerned out of plain reading of the section itself which is differently worded with that of Indian Act, but this view also finds support from the English authorities including treatise on trade mark law namely *Modern Law on Trade Marks*, 3rd Edition (2008) by Morcom, Roughton & Malynicz - LexisNexis wherein the learned author observes that the rationale of wordings "European economic area" which have been inserted in the Act to give the exhaustion principle a wider effect.

The learned author observes thus:

"EUROPEAN EXHAUSTION

Background to the ECJ jurisprudence 16.6 Under the Trade Marks Act 1938 (TMA 1938), as well as the common law, the United Kingdom had developed a doctrine of "exhaustion of rights" in cases where a trade mark proprietor sought to restrain the importation and sale in this country of its own goods or the goods of an associated company, by means of an action for infringement or passing off.

16.7 As the European Community developed, a doctrine of exhaustion of rights also began to take shape under certain provisions of the Treaty of Rome that related to free movement of goods. After a period in which there was some doubt as to how far the ECJ would countenance the enforcement of any intellectual property rights to prevent imports of goods from one Member State into another, it was finally established that trade mark rights would generally be enforced in such cases unless the goods in question had been placed on the market in a Member State by the proprietor or with his consent. Other decisions of the ECJ defined circumstances, with particular reference to repackaged pharmaceutical products, in which a trade mark proprietor might object to the imports notwithstanding the fact that the goods had been marketed in the Member State of export by him or with his consent. Article 7 of the directive made a specific provision for exhaustion of trade mark rights within the Community. In accordance with the Agreement on the European Economic Area (EEA) [The EEA is a slightly wider area than the European Union. It was formed because of the wish of three countries - Norway, Iceland and Liechtenstein - to participate in the internal market, without assuming the full responsibilities of EU Membership. The EEA Agreement gives them the right to be consulted by the Commission during the formulation of Community legislation, but not the right to voice in decision-making, which is reserved exclusively for member States.....] of 2nd may 1992 the doctrine was effectively extended to the whole of the EEA by s 12 of the TMA 1994. A similar provision can be found in art 13 of the CTMR."

Section 12

Exhaustion of rights conferred by registered trade mark

(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 the trade mark by the proprietor or with his consent.

(2) Sub.-section (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).

74. From the bare reading of aforementioned excerpts quoted from Modern Law of Trade Marks, it becomes amply clear that the Section 12 as it exists in UK Act has been consciously given a wider connotation to the words "on the market" by further adding the words in the "European Economic Area" to give them an expansive effect beyond the territorial bounds of UK, where the UK registration extends so that free market movement can take place within the European region/ territories covered in European economic areas. This has been indicated by legislative history as mentioned in the excerpts quoted above relating to background to framing of Section 12.

75. This insertion is intentionally done to give effect to treaty of Rome for free movement of goods as well as EEA agreement wherein this was resolved.

76. The above said position also further clarifies the doubt that UK law follows the domestic exhaustion of rights. It is not merely following any principle of law but rather UK Act has tried to give wider effect to the extent permissible under their law and also to give effect to the treaties relating to international free movements of goods entered by EU countries to extend the said concept of UK market to European economic Area.

77. The purpose seems to be that the EU policy framers intended to treat Europe or community as one market perhaps due to the proximity of areas between the countries and likelihood of penetration of goods one country into another which may otherwise cause trade barriers if the free movement of goods is not allowed to happen or perhaps of the like nature of the economies which are operating in neighboring states so that there should be less competition between the similar economies within EU. All this have been result of common multi partite convention wherein EU Countries are member states and have common intention to give effect to treaty of Rome in all the EU countries which consequently affected on the national legislation in UK in form of Section 12.

78. This view of treating European Community as one market is also well analyzed in another leading authority on the subject namely Kerly's Law on Trade Marks and Trade Names [Fifteenth Edition], Sweet and Maxwell 2011 wherein the learned author has culled out the number of treaties and also the possible impact of the said treaties on the UK legislation by observing to the following terms:

THE PRINCIPLES ENSHRINED IN THE TREATY OF ROME

16-019 Although the relevant treaties are now (a) the Treaty on European Union (TEU) and (b) the Treaty on the functioning of the European Union (TFEU), both as amended by the Treaty of Lisbon, much of the relevant case law derives from the time when the treaty of Rome prevailed. Accordingly, we will set out the relevant provisions from the Treaty of Rome (TOR) which constitute the first level of legislative provisions.

Article 2 TOR : The community shall have as its task, by establishing a common market and an economic and monetary union and by implementing common policies or activities referred to in Article 3 and 4, to promote throughout the community a harmonious and sustainable development of economic activities.

(Emphasis Supplied)

Article 3 TOR : " For the purposes set out in Article 2, the activities of the community shall include, as provided in this treaty and in accordance with the time table set therein:

(a) The prohibition as between Member States, of customs duties and quantitative restrictions on the import and export of goods, and of all other measures having equivalent effect....

(b) An internal market characterized by abolition, as between Member states, of obstacles to the free movement of goods, persons, services and capital.

(Emphasis Supplied)

....

(g) a system ensuring that competition in the internal market is not distorted....

(Emphasis Supplied)

79. The possible effect of the aforesaid provision relating to agreement to establish a common market place on UK legislation has also been examined by the learned author in depth. The learned author further observes thus:

UNITED KINGDOM LEGISLATION

16-022 - First it is necessary to have regard to section 2(1) of European Communities Act, 1972 which expressly provides the supremacy of the Community Treaties, although the key treaties to in the Act is the Treaty Establishing the European Community - The "EC Treaty"

All such rights, powers, liabilities, obligations and restrictions from time to time created or arising by or under the Treaties, and all such remedies and procedures from time to time provided for by or under the Treaties, as in accordance with the Treaties are without further enactment to be given legal effect or used in the United Kingdom shall be recognized or available in law and be enforced, allowed

and followed accordingly"

In the context of Trade Marks Act 1994, the provision serves to reinforce what is already obvious: the relevant provision of the 1994 Act implement and are derived from the Trade Marks Directive. However, section 12/ article 7 represent the field of trade marks just one manifestation of the more general rule known as "exhaustion of rights" which applies to the other intellectual property rights as well and in order to explain how the hierarchy of interests is reconciled, it is necessary to track something of the development of the "exhaustion of rights" rule.

(Emphasis Supplied)

80. The discussion relating to the aforementioned provisions of treaties became necessary in order to examine the state of affairs existing at the time of enactment of UK legislation. The careful reading of the afore quoted provisions of the treaties further make it clear that the mischief which was sought to be remedied was to create a single market concept for European territories and the same has been done by way of international covenant entered into by the EU states and agreeing to give effect to the same in their respective laws and consequently UK Act 1994 incorporated the said concept by way of extension of the said concept of market legislatively. In sharp contradistinction, these are not the state of affairs which may hold good for Indian Act. There is never such an attempt by the law makers which has been come to light to bring such a broader concept of world market and the contextual reading of the provisions denotes otherwise which tilts towards domestic market. Thus, the argument of the defendant of free flow of goods may work in Europe context wherein there are conventions and legal position giving effect to such a concept by way of incorporation their respective laws but not here in India.

81. In short, the intended purpose, international covenants entered by states and state of affairs as existing in Europe warranted the extension of the said concept of "on the market" to be extended as "on the market in European Economic Area" in UK Act. Thus, the said principle of exhaustion has been given a wider effect by widening the conception of market. This is done by way of legislative measure by adding the words "in European Economic Area" after the words "on the market".

82. Now, if one compares, the said provision of law with Section 30(3) of Indian Act of 1999, following marked differences can be seen:

a) That the Indian Act uses the expression "on the market" although infringement section as well as limitation Section in 29 and 30 respectively and it does not distinguish consciously just like UK Act to either extend or to amplify the concept of exhaustion of rights as done in the case of UK Act.

Rather, it confines itself by using the expression "on the market" and putting the period thereafter without any further addition or subtraction of the said

expression in the section of limitation of rights and there is no differential treatment prescribed under 1999 Act of India which can lead to the conclusion that both in Section 29 and 30, the expression "on the market" is to be treated differently.

In that view of the matter, it becomes extremely difficult to visualize the scenario when UK Act has gone ahead by changing the wordings by way of legislative measures by adding the wordings "in the European economic area" after the wordings "on the market" in the section, how Indian Act which is more narrower in terms when it uses the expression "on the market" only, can be given even the wider effect than that of UK Act by contemplating a situation and by accepting argumentation that the Indian provision is made for purposes of international exhaustion of rights solely on basis of a theory propounded by handful of people including the defendants and some write ups or articles written here and there, when the legislative history in UK speaks about legislative extension of the concept of market, mischief sought to be remedied also speaks to the contrary and explicit terms of section in Indian act and their contextual readings speak otherwise which limit it to the domestic market.

It only suggests one thing that it can be done only by way of legislative amendments wherein the legislature in its wisdom can extend the concept of "on the market" by adding or subtracting words on it which is not within the domain of the Court to do so.

b) Secondly, if one compares the section carefully u/s 30(3) of the Trade Marks Act and Section 12 of the UK Trade Marks Act, 1994, one can realize that the section which exists in UK states that the registered trademark is not infringed by use of trademark in relation to the goods which have been put on the market in the European Economic Area under that trade mark by the proprietor or with his consent. However, in sharp contradistinction to the same, the Indian Act reads the similar provision by stating that the goods having put on the market under the registered trademark by the proprietor or with his consent under the registered trademark.

The difference in the words "under the registered trademark" used in the Indian Trade Mark Act and the words "under that Trade Mark" in UK Act further gains relevance in order to analyze what sort of market both the sections contemplate. In the case of Indian Act, as it has been analyzed above in extenso that it uses the word "on the market" and possible impact of the words "under the registered trademark". This is further indicated by the fact that registered proprietor cannot object to further sale of goods after the goods having been put on the market under the registered trademark by the proprietor. The qualification that the goods put by the proprietor shall bear registered trademark further clarifies the situation that the goods which have been put in the market by the registered proprietor is the goods in the same market where the mark is registered as that is why it has been consciously used the words "goods put on the market under the registered trademark". However, in sharp contradistinction to the same, the

UK Act consciously omits the word "registered" due to the wider expression "on the market" in European economic area as the framers of that section were aware that even if the proprietor puts the goods under that trade mark in any of the Member State of European Economic Area irrespective of the fact as to whether it is registered or not, the proprietor will lose its right to object and that is why the expression used is "under that trademark" so that wider import can be given. But, this is conspicuously absent in the Indian Trade Mark Act, 1999 where the wordings are goods having been put on the market under the registered trademark.

The wordings "under that trade mark" has aptly examined by Kerly's Law on Trade Marks and Trade Names [Fifteenth Edition], Sweet and Maxwell 2011 wherein the learned author analyzed the expression "under that trademark" in a very minute terms. The learned Author observes thus:

"16-015 - Article 7 of the TM Directive is virtually identical to art. 13 of the CTM Regulation. Despite the fact that the CTM Regulation was passed some six years after the Directive, the travaux preparatoires make it clear that the two provisions were drafted at the same time. Both provisions apply to goods put on the market in the EEA "under that trade mark". That expression is apt for a CTM Regulation, but is rather clumsy when transposed into the TM Directive. In the context of the Directive, it must be interpreted as referring not only to the particular national registered trade mark but also all trade marks which: (1) are owned by the same proprietor or by another entity which is economically linked (2) are identical or virtually identical, and (3) are either registered or unregistered used by the proprietor or with his consent for putting goods on the market in any state of the EEA. The alternative interpretation is untenable, that it refers only to the particular national trade mark.

(Emphasis Supplied)

83. From the bare reading of said excerpts from Kerly's alongside the wordings of Section 30(3) of the Trade Marks Act, 1999 the conclusion becomes inescapable that the wordings "on the market" "under the registered trade mark" makes the market confined to domestic market/ Indian market/ the market which is used in consonance with Section 29 and not the international market and the wordings "under the registered trademark" further leads to inference that the said market is the one wherein the national trademark is registered and the wordings of Section 12 of the UK Trade Mark Act are widely couched due to these two reasons; first being it uses the expression "in the European economic area" which is by virtue of effect of treaty of Rome and secondly, by using the expression "under that trade mark" as in contradistinction to the "registered trademark".

84. Therefore, the provisions of UK Act although are indicators to the effect as to how to interpret the Indian law in the limited context but are not in pari materia and therefore cannot be strictly pressed into service so as to equate the Indian

law with UK law and rather UK law is much more at the advance stage when it extends the principle of exhaustion in the European economic area by virtue of legislative measures which is absent in Indian context.

85. Thus, the comparative analysis between provisions of Indian Act of 1999 and UK Act of 1994 further gives the clear indication that contextually Indian provisions are intended to operate in domestic market wherein the trade mark is registered and cannot be given a wider effect as that of UK Act due to change in the wordings of the corresponding provisions as existing in UK which is worded widely consciously by the framers of the law in UK.

Contextual Reading of Section 30(4)

Section 30(4) also needs consideration which reads as under:-

Section 30(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

86. As it has been seen above that Section 30(3) relates to lawful acquisition of the goods under the registered trade mark by a person in the market which is the national market with the aid of contextual construction. Therefore, the exception which has been carved out u/s 30(4) is also applicable to the same provision and cannot be said to be given any other interpretation.

87. This is necessary to examine as the argument can be taken that why there is a need to enact an exception to the rule envisaged in Section 30(3) which entitles the proprietor to oppose further dealings if the legislative intent was to give a limited interpretation within the domestic market itself.

88. However, the said argument is equally unmeritorious and it is actually the intent of the legislature and mischief which is sought to be remedied that further dealings within the market / domestic market can be prohibited if there is a change or impairment of the goods after they have been put into the market and there is no reason why it may not hold true for domestic markets.

89. If one reads now the provision of Section 30(3) and 30(4) contextually, it becomes very clear that the basic purpose was to provide for recognition of principle of exhaustion in limited sense by curtailing it in relation to the cases where the goods bearing the registered trade mark are lawfully acquired by a person and the mischief which is sought to be remedied is that the proprietor cannot after throwing the goods in the market can turn around and prohibit the very same goods on the pretext of change of ownership of the brand name or on the pretext that he has himself or with his consent someone else has put the goods in the market.

90. However, on limited grounds within the market itself he realizes that there

are some legitimate reasons which make those sales unlawful or otherwise the goods are changed or impaired after they have been put on the market; then the proprietor is entitled to object the said circulation of goods.

91. The introduction of the exception u/s 30(4) further puts embargo on the applicability of the principle of exhaustion within the market also which is only in cases where there is no change or impairment of goods or where there no legitimate reasons to oppose. Thus, It is very limited kind of exhaustion which is permissible under the Act of 1999 wherein even the domestic circulation of goods can be controlled if there exists legitimate reasons for the proprietor to object the said further dealings more specifically the change or impairment of the goods after they are put into the market.

92. This clarification also became necessary in order to dispel the doubts which exist in some articles and/ or write-ups by the lawyers from time to time that India follows the principle of international exhaustion when in fact there is not even a whisper of international market or international exhaustion either in Section 30(3) or in Section 30(4).

93. Furthermore, the term "legitimate reasons" are also invited in interpretation and the said "legitimate reasons" can be given a similar interpretation as given by the European Courts inasmuch as that it is only in few context Section 12 is different from Section 30(3) i.e. the initial qualification where the goods bearing a registered trade mark are lawfully acquired by a person, and the addition of the words in the European economic area after the words "on the market" and otherwise Section 12 and Section 30 operate in similar sense of term as it takes away the right of proprietor to conduct "further dealings" and it is only by virtue of conditions of European countries and by virtue of addition of wordings "in the European economic area", the same is extended to European region and therefore Section 12(2) which is an exception to Section 12(1) where there exists "legitimate reasons", is akin to Section 30(4) of the Indian Trade Marks Act. Therefore, there is no reason why interpretation accorded by the European Courts with respect to the term "legitimate reasons" cannot be pressed into service in a limited sense in order to analyze and understand as what sort of legitimate reasons, there can be entitling the proprietor to oppose further dealings.

94. Although those judgments may not be relevant for the purposes of prohibiting the dealings outside the national region in Indian context as widely worded Section 12 in UK Act extending the said concept of market as against India where the provision is in narrower terms but are certainly relevant for the purposes of gauging as to what can be the "legitimate reasons" for the proprietor to oppose further dealings of the goods by such persons.

95. Therefore, it follows that the legitimate reasons like loss of goodwill, change and impairment of goods and establishing trademark connection with that of the proprietor without any authorization or its distributor channels, can be said to be

all legitimate reasons entitling the proprietor to oppose further dealings in the product u/s 30(4). It is also to be noticed that sub section 4 of section 30 uses the expression "...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".

96. From the above discussion, it can be fairly stated that both Section 30(3) and Section 30(4) operate in the domestic market and the same cannot be said to be relating or introducing any such concept of international exhaustion of rights on the basis of the putting of the goods on the market. Rather the conception of market in the context of Indian Act is confined to market where the trade mark is registered.

Statement of Objects & Parliamentary Debates As An Aid To The Construction of the Provision.

97. Having discussed the interpretation of the provisions of the Trade mark Act and testing the same on the bedrock of contextual interpretation, Now, I shall deal with the reliance of parliamentary debates and other write ups as relied by the defendants as an aid to construction of the provision under the Act.

98. Learned counsel for the defendants have relied upon the following material in order to argue that the said material is emanating from parliament and thus required to be considered as aid to construction of the provision:

a) Some Extract from Trade Mark Bill 1999 which is titled as "Arrangement of clauses" wherein there notes relating to several clauses of Trade Mark Bills wherein the relevant clause 30 excerpt is reproduced herein after:

Sub clause (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 the market, the provision will not apply.

This as per the learned counsel for the defendant is a clause of statement of objects and reasons appended to the Trade Mark Bill, 1999 as stated in the written submissions and thus the same must be considered by the court as an aid to construction of the provisions which are Section 30(3) and 30(4) of the Act.

Likewise, the Department related Parliamentary standing committee on Human Resource Development's 227th Report on Copyright Amendment Bill, 2010 wherein some incidental reference to international exhaustion principle is there with reference trade marks which is reproduced herein after:

7.12 Committee was also given to understand by the representative of publishing industry that the scheme of copyright law was entirely different from The Trade Marks Act and Patents 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 specific query in this regard, the department informed that the concept of international exhaustion provided u/s 107A of the Patent Act, 1971 and in section 30(3) of Trade Marks Act and in section 2(m) of copyright law were similar. This provision was in tune with the national policy on the exhaustion of rights.

By putting reliance upon the above two references, it has been argued that this court should take into consideration the aforementioned parliamentary material as an indicators to the governing principle of international exhaustion and interpretation to the provision must be then accordingly given by the court.

99. Let me now discuss the law relating to relevancy of parliamentary material including the debates, statement of objects as an aid to construction of the provision before examining the aforementioned material relied upon by the defendants.

100. It is now well settled that the statement of objects and reasons, parliamentary debates and material emanating from parliament cannot be used to control the express language of the provision. The said materials and debates are not true guide to the interpretation of the provision and are only necessary to examine the antecedent state of affairs existing at the time when the enactment was passed. The same cannot however be used to construe the provisions when the plain and contextual reading of the same speaks otherwise.

101. In the case of State of West Bengal Vs. Union of India, , The Supreme Court observed thus:

It is however well settled that the Statement of Objects and Reasons accompanying a Bill, when introduced in Parliament, cannot be used to determine the true meaning and effect of the substantive provisions of the statute. They cannot be used, except for the limited purpose of understanding the background and the antecedent state of affairs leading up to the legislation. But we cannot use this statement as an aid to the construction of the enactment...

(Emphasis Supplied).

102. In Aswini Kumar Ghose and Another Vs. Arabinda Bose and Another, , Hon"ble Patanjali Shastri J. (as his lordship then was) speaking for the majority observed thus:

As regards the propriety of the reference to the statement of objects and reasons, it must be remembered that it seeks only to explain what reasons induced the mover to introduce the Bill in the House and what objects he sought to achieve. But those objects and reasons may or may not correspond to the objective which the majority of members had in view when they passed it into law. The Bill may have undergone radical changes during its passage through the

House or Houses, and there is no guarantee that the reasons which led to its introduction and the objects thereby sought to be achieved have remained the same throughout till the Bill emerges from the House as an Act of the Legislature, for they do not form part of the Bill and are not voted upon by the members. We, therefore, consider that the statement of objects and reasons appended to the Bill should be ruled out as an aid to the construction of a statute.

(Emphasis Supplied)

103. Likewise in the case of *Konda Venugopala Raju Vs. State of Andhra Pradesh*, , the Supreme Court again reiterated the same proposition by observing:

where words used in a statute are clear and unambiguous showing the intention of the legislature, it is not permissible for the Court to interpret the statute by examining the objects and reasons for the statute in question.

(Emphasis Supplied)

104. From the reading of the aforementioned observations of the Apex court, it can be safely said that the statement of objects and reasons, parliamentary debates and committee reports are at the best looked into to examine the antecedent state of affairs and they cannot be pressed into service to curtail the plain and contextual meaning of the enactment. It is also not correct that they are not relied upon to gauge the mischief sought to be remedied but only when the same are guide to such mischief sought to be remedied and provision as enacted speaks in consonance with the said object and not in cases where there are contradictory voices. In the cases of conflict between the language of the provisions and parliamentary debates, it cannot be assumed that the voice of the few persons in the parliament is the voice of the entire legislature or lawmakers as enunciated clearly in *Ashwini Kumar Ghose* (supra).

105. Applying the said principles to the facts of the present case, firstly, the statement of objects are not true guide to construction of the provision of the statute and cannot be pressed into the service in case the provision clearly speaks otherwise. But in the present case, the reliance has been placed by the defendant which has been stated to be an arrangement of clauses in the Trade Marks Bill, 1999 wherein the clause 30 reads as under:

Sub clause (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 the market, the provision will not apply.

106. It is highly doubtful as to how the defendant can call this as a statement of objects and reasons of the Trade Marks Act. The source of the document is not known, it is not the statement of the object and reasons appended to the Trade

Marks Act. In fact, the statement of objects and reasons appended to the Trade Marks Act, 1999 reads as under:

STATEMENT OF OBJECTS AND REASONS

The Trade and Merchandise Act, 1958 has served its purpose over the last four decades. It was felt that a comprehensive review of the existing law be made in view of developments in trading and commercial practices, increasing globalization of trade and industry, the need to encourage investments flows and transfer of technology, need for simplification and harmonization of trademark management systems and to give effect to important judicial decisions. To achieve these purposes, the present Bill proposes to incorporate, inter alia the following namely:-

- (a) providing for registration of trademark for services, in addition to goods;
- (b) registration of trademarks, which are imitation of well known trademarks, not to be permitted, besides enlarging the grounds for refusal of registration mentioned in clauses 9 and 11. Consequently, the provision for defensive registration of trademark are proposed to be omitted;
- (c) amplification of factors to be considered for defining a well known trademark;
- (d) doing away with the system of maintaining registration of trademark in Part A and Part B with different legal rights, and to provide only a single register with simplified procedure for registration and with equal rights;
- (e) simplifying the procedure for registration of registered user and enlarging the scope of permitted use;
- (f) providing for registration of "Collective Marks" owned by associations, etc;
- (g) providing for an Appellate Board for speedy disposal of appeals and rectification applications which at present lie before High Courts;
- (h) transferring the final authority relating to registration of certification trademarks to the Registrar instead of the Central Government;
- (i) providing enhanced punishment for offences relating to trademark on par with present Copyright Act, 1957, to prevent the sale of spurious goods;
- (j) prohibiting use of someone else" trademarks as part of corporate names, or name of business concern;
- (k) extension of application of convention country to include countries which are members of groups or union of countries and Inter-Governmental Organizations;
- (l) incorporating other provisions, like amending the definition of "trademarks", provisions for filing a single application for registration in more than one class, increasing the period of registration and renewal from 7 to 10 years, making trademark offences cognizable, enlarging the jurisdiction of courts to bring the

law in this respect on par with the copyright law, amplifying the powers of the court to grant ex parte injunction in certain cases and other related amendments to simplify and streamline the trademark law and procedure.

2. In view of the extensive amendments necessitated in the Trade and Merchandise Act, 1958, it has been thought fit to repeal and re-enact the said Act incorporating the necessary changes.

3. The Bill seeks to achieve the above objects.

107. From the bare reading of the said statement of objects and reasons appended to the Act of 1999, nowhere, the said objects and reasons speaks of any such mischief controlling markets by the proprietors and also it does not speak at all about the principle of international exhaustion of rights introduced in the Trade Marks Act 1999. Therefore, the statement of objects and reasons appended to the Act even if relied in the present case does not aid the case of the defendants as they are not indicative of any legislative intent towards the principle of international exhaustion as propounded by the defendants.

108. The reliance of the Arrangement of clauses by the defendant by calling it as a statement of objects and reasons is misplaced as they are not statement of objects and reasons in the true sense of term. They may be either some parliamentary recommendation or some sort of arrangement proposed during the time when bill was about to pass. But then again, not all parliamentary material can be said to be true guide to construction of the provision. Even the statement of objects and reason as an extrinsic aid to the construction is rejected in many cases, then it is doubtful as to how any parliamentary material can be relied upon as an aid to construction. In any case, applying the principles of Ashwini Kumar Ghose (Supra) and S.S. Bhola (supra), the said noting the clause 30 does not speak of the legislative intent of the entire legislature and cannot be used to enlarge or limit the construction of the provision when the plain and contextual reading provides for to the contrary.

Similar is the case with the Copyright committee report which is relating to copyright amendment bill where there is a passing reference to the Trade marks Act. The said reference is again just the passing reference and is not conclusive of the legislative intent. The said reference only states that the department answers the said question on specific query. The said query must be answered by lawyers or informers to the department and not on the basis of the interpretation contextually as done above. Thus, it is an indicative of the fact that the said principle of exhaustion is much a talked about topic in relation to the subject of Intellectual property and the said copyright committee report is prepared on the basis of what the lawyers or the lobbies of publishers which work or follows such principles internationally informs the persons working in such committees in parliament. The said excerpts are just reproduced in the said committee reports on basis hearsay of those persons and even in the cases where the true import of the provision is something different. Thus, the said committee report of copyright

relating to amendment of the different statute cannot be relied upon to amplify the stand that the said report speaks of any such legislative intent to re-modify the mischief of market controlling right of the proprietor.

109. Thus, the submission of the defendants to the extent, it relies the parliamentary material and committee report as an aid to construction of Section 30 of the Trade Marks Act is rejected.

110. The another connected submission is the reliance on some report/ map issued by International Trade Marks Association wherein the legal regimes across the globe are mentioned. Again the said report is just something what lawyers or lobbies as a member of the international organizations inform them. The said organization is a brand owners association and takes the aid and assistance of the lawyers worldwide for basing their own opinion to publish such data. Thus, again the said reports are just hear say material and cannot be said to be a guiding force for legislative intent.

111. A similar state of affairs exist with some communication issued in from India on 10.07.1989 relating to negotiation of TRIPS agreement wherein there is a recommendation that principles of international exhaustion should be followed in Trade Mark Laws. The said communication or report is again an advise while negotiating an agreement and as far as back in 1989 cannot by any stretch of imagination be pressed into service to interpret the provisions of 1999 Act which is passed on 15.09.2003 and no parallel can be drawn from such report vis a vis new enactment.

112. Likewise is the case with the write ups or articles written by the students of the law school or research papers. Most of these write ups are written on the basis of what has been talked about in the lobbies again and nowhere the said write ups attempt to examine the true import of the provision by reading the provision as it stands. The conclusions are just drawn on the stray basis that India follows international exhaustion without comparison of the wordings of the statute in Indian law vis a vis UK Act and other provision of commonwealth countries. On the contrary, I have also been able to find some internet write ups which speak to the contrary wherein the conclusions are deduced that India follows national exhaustion. One such article written by Senha Jain from ILS Law College Pune in the Journal Of Intellectual Property Rights cited as JIPR Volume 14 (January 2009) pp 14- 27 issued by NISCAIR which recommends as under:

Hence it can conclusively suggested that India Should follow national exhaustion. The view seems to have been reinforced after passing of the 2007 notification.....

In such fluidic state of affairs, it would be unwise to draw any inference from such write ups or articles either of Sonia Baldia or of Ms. Jain (although seems to be more extensive) as a guiding force towards the legislative intent behind enacting Section 30 of the Trade Marks Act unless the provision seems to be in consonance with the discussion.

113. Thus, the write ups, articles and parliamentary material relied upon by the defendants as an extrinsic aid to construction of the provision is rejected in view of the aforementioned reasons and discussions.

114. Let me now examine the submission of the defendants that this court should follow the judgment passed in the Xerox (supra). I am not convinced as to how the Xerox case can at all aid the case of the defendants at all and my reasoning for the same can be as follows:

i) It is settled principle of the law that the judgment is a precedent for the legal principle decided therein and not what is logically deduced there from. This has been well settled by the Supreme Court in the case of Southern Petrochemicals Co. Limited vs. Electricity Inspector, 2007 (5) SCC 477 wherein the apex court observed thus:

A decision, as is well known, is an authority for what it decides and not what can logically be deduced therefrom. A decision is not an authority on a point which has not been considered.

(Emphasis Supplied)

115. A logical corollary to this principle is also that the ratio decidendi of the case is the legal principle decided therein and not the one what can be inferred there from. In Union of India (UOI) and Others Vs. Dhanwanti Devi and Others, the Supreme Court explained what constitutes a binding precedent in the following words:

It is not everything said by a Judge while giving judgment that constitutes a precedent. The only thing in a Judge's decision binding a party is the principle upon which the case is decided and for this reason it is important to analyze a decision and isolate from it the ratio decidendi. According to the well-settled theory of precedents, every decision contains three basic postulates -- (i) findings of material facts, direct and inferential. An inferential finding of facts is the inference which the Judge draws from the direct, or perceptible facts; (ii) statements of the principles of law applicable to the legal problems disclosed by the facts; and (iii) judgment based on the combined effect of the above. A decision is only an authority for what it actually decides. What is of the essence in a decision is its ratio and not every observation found therein nor what logically follows from the various observations made in the judgment Every judgment must be read as applicable to the particular facts proved, or assumed to be proved, since the generality of the expressions which may be found there is not intended to be exposition of the whole law, but governed and qualified by the particular facts of the case in which such expressions are to be found. It would, therefore, be not profitable to extract a sentence here and there from the judgment and to build upon it because the essence of the decision is its ratio and not every observation found therein. The enunciation of the reason or principle on which a question before a Court has been decided is alone binding as a precedent. The concrete decision alone is binding between the parties to it, but it

is the abstract ratio decidendi, ascertained on a consideration of the judgment in relation to the subject matter of the decision, which alone has the force of law and which, when it is clear what it was, is binding. It is only the principle laid down in the judgment that is binding law under Article 141 of the Constitution. A deliberate judicial decision arrived at after hearing an argument or a question which arises in the case or is put in issue may constitute a precedent, no matter for what reason, and the precedent by long recognition may mature into rule of stare decisis. It is the rule deductible from the application of law to the facts and circumstances of the case which constitutes its ratio decidendi. (Emphasis Supplied)

116. Now let me apply the said principles of law relating to ratio decidendi or binding precedent to the Xerox case. After due application of the aforementioned principles of law to the Xerox (supra), it is clear that in Xerox case, while passing the order, learned single judge of this court observed thus:

Learned counsel for the parties state that it has not been possible to arrive at any agreed interim arrangement. In these circumstances, these applications will have to be heard on the date fixed.....

The only question to be examined today is what is the interim arrangement till such time the interim applications are heard.....

I do not deem it necessary to go into the merits of submissions, as it may prejudice either of the parties at the hearing of the interlocutory applications. Suffice it to say that at this stage, I am of the considered view that it will be appropriate to permit import of such Xerox machines, which have proper documentation provided there is no change or impairment in the machine.

117. From the bare reading of the afore quoted observations of the learned single judge of this court, it is clear that the learned single judge has made these observation while passing some interim arrangement keeping the hearing of the interim applications alive. Further, it is clear from the observations of the learned single judge that he himself observes that he does not intend to go into merits of the submissions canvassed by both the parties as it may prejudice the hearing of injunction applications.

118. Thus, it is wrongful on the part of the defendants to contend that there is any legal principle evolved in the Xerox case which has been decided after hearing the submissions of both the parties. The binding precedents are made when the decision is rendered upon examining the submissions of the parties after due application of the law on the same.

119. It is another thing that on facts, the learned single judge while noting the submissions and remaining it left open to be examined later proceeded to pass an order lifting the embargo on importation as a matter of interim injunction. But it does not follow from the said order that it declares some binding principle of law after applying the tests laid down by the Supreme Court so as to carve out

the ratio decidendi from the case. Rather, the Xerox case leaves the submissions open to be examined by this court at the later stage.

120. Therefore, the reliance of the defendants of the said decision of Xerox (Supra) to articulate that it is binding precedent and thus this court should conclude what has been done therein without examining the submissions of parties in this case is totally misconceived. The case in Xerox is thus an order passed in its own facts and circumstances wherein there was already an interim arrangement in place which was modified by the court reserving the right of the parties to urge the submissions in the interim applications at the later stage and cannot come in the way of this court to examine the provisions of the law and interpret them as done above.

121. The order in the Xerox (supra) has been passed keeping in mind the importation of second hand machines which are being imported. The present case does not also relate to second hand goods but is a case where the defendants are alleged to have been selling genuine products without the permission of the registered proprietor by way of importation which is an infringement u/s 29(1) read with Section 29(6). On that count too, the order of this court in Xerox(supra) is clearly distinguishable.

122. Thus, the case in Xerox's case also does not aid the case of the defendants in view of my reasoning mentioned above.

123. Let me now examine the impact of an admission of a legal position or principle by the plaintiff if any on the case in hand.

124. It has been contention of the defendants that even the plaintiffs admits that India follows the principle of international exhaustion and therefore this court should hold the same against the plaintiff. The defendants in this context rely upon the paragraph 17 in the replication which reads that it is not denied that India follows the principle of international exhaustion.

125. The plaintiffs in response to the same state that the legal principle cannot be said to be admitted in as much as in number of places the plaintiffs have disputed the same and the main submission of the plaintiff has been that the defendants should be restrained from importing in view of Section 29 of the Act and thus, there cannot be said to be clear or unambiguous admission on the part of the plaintiff. This leads me to delve in to question as to whether there can be any admission of the legal principle and what can be the possible impact of the same in the case in hand.

126. The law of admission has its genesis from the rules of evidence wherein it is well settled that the admission is best evidence and no further evidence is required once the admission is clear and unambiguous. However, the admissions are usually made of some facts and not of pure questions of law. Admission is the best piece of evidence against the persons making admission. (As was observed by this Court in Avadh Kishore Das Vs. Ram Gopal and Others, in the

backdrop of Section 31 of Indian Evidence Act, 1872 (in short the 'Evidence Act') it is true that evidentiary admissions are not conclusive proof of the facts admitted and may be explained or shown to be wrong; but they do raise an estoppel and shift the burden of proof placing it on the person making the admission or his representative-in-interest. Unless shown or explained to be wrong, they are an efficacious proof of the facts admitted).

127. As observed by Phipson in his Law of Evidence (1963 Edition, Para 678) as the weight of an admission depends on the circumstances under which it was made, these circumstances may always be proved to impeach or enhance its credibility. The effect of admission is that it shifts the onus on the person admitting the fact on the principle that what a party himself admits to be true may reasonably be presumed to be so, and until the presumption is rebutted, the fact admitted must be taken to be established. An admission is the best evidence that an opposing party can rely upon, and though not conclusive is decisive of matter, unless successfully withdrawn or proved erroneous.

128. It needs to reiteration that the interpretation of the provision is a pure question of the law and it is only dependent upon the interplay of the provisions of the statute.

129. Chief Justice Munir in his Book Law of Evidence, Fifteenth Edition, 2010, Universal Publishing House, has observed about the law on admission of the purely legal question in the following terms:

20 Admission on Pure matter of law

In England, admissions are receivable to prove matter of law or mixed law and fact. But an admission having been defined by the Evidence Act as "a statement which suggests any inference as to a fact in issue or relevant fact", it seems that an admission on pure matter of law is not within the scope of section 17- 31 and will be governed by the rules of pleadings.

130. It is thus clear that the admission in the context of Indian Evidence Act, 1872 shall always be of facts due to the definition of the admission u/s 17 of the Act is confined to statement which may suggest inference as to fact or relevant fact. A logical corollary to this which follows is that the admissions shall always be of facts or relevant facts but cannot be of law.

131. Further, if one examines the concept of admissions on the basis of law of pleadings as envisaged under the code of civil procedure, it is realized that the cardinal rule of pleadings is that the pleadings should contain the facts, material facts and not the law. There again, it is not practical or feasible to give rise any such admission of the law or legal position. Afortiori, it follows that the admission of the legal position or legal principle which may or may not be correct is no admission in law and it is inconsequential in law.

132. In the case of AIR 1948 125 (Oudh) , the Court has observed that the admission by a party on pure question of law is not binding on him. (The same

view was also taken by the Nagpur Bench in the case of AIR 1929 343 (Nagpur)).

133. It is also well settled that there cannot be an estoppel against the law or statutory provisions. When one is concerned with the statutory right or constitutional guarantee, there cannot be any estoppel against the same. (Kindly see the judgment passed in A.C. Jose Vs. Sivan Pillai and Others, .

134. One of the facet of the proposition that there is no estoppel against the statute is that the admissions or concessions made by the counsel for the parties under the wrong understanding of law cannot operate to the detriment of the party making such admissions and it is only on the basis of correct legal position, the rights of the parties are to be determined. This proposition has been laid down in the case of Union of India (UOI) and Others Vs. Mohanlal Likumal Punjabi and Others, wherein the apex court observed thus:

In our view the concession, if any, is really of no consequence, because the wrong concession made by a counsel cannot bind the parties when statutory provisions clearly provided otherwise. It was observed by Constitution Bench of this court Sanjeev Coke Manufacturing Company Vs. Bharat Coking Coal Limited and Another, that courts are not to act on the basis of concession but with reference to the applicable provisions. The view has been reiterated in (1988 (6) SCC 538) and The Central Council for Research in Ayurveda and Siddha and Another Vs. Dr. K. Santhakumari, . In para 12 of Central Council's case (supra) it as observed as follows:

In the instant case, the selection was made by the Departmental Promotion Committee. The Committee must have considered all relevant facts including the inter se merit and ability of the candidates and prepared the select list on that basis. The respondent, though senior in comparison to other candidates, secured a lower place in the select list, evidently because the principle of "merit-cum-seniority" had been applied by the Departmental Promotion Committee. The respondent has no grievance that there were any mala fides on the part of the Departmental Promotion Committee. The only contention urged by the respondent is that the Departmental Promotion Committee did not follow the principle of "seniority- cum-fitness". In the High Court, the appellants herein failed to point out that the promotion is in respect of a "selection post" and the principle to be applied is "merit-cum-seniority". Had the appellants pointed out the true position, the learned Single Judge would not have granted relief in favour of the respondent. If the learned counsel has made an admission or concession inadvertently or under a mistaken impression of law, it is not binding on his client and the same cannot enure to the benefit of any party.

(Emphasis supplied)

135. Again in Uptron India Limited Vs. Shammi Bhan and Another, , the court also explained the said principle is one of species of the principle that there cannot be any estoppel against the statute. It was held that a case decided on the basis of wrong concession of a counsel has no precedent value. That apart,

the applicability of the statute or otherwise to a given situation or the question of statutory liability of a person/institution under any provision of law would invariably depend upon the scope and meaning of the provisions concerned and has got to be adjudged not on any concession made. Any such concessions would have no acceptability or relevance while determining rights and liabilities incurred or acquired in view of the axiomatic principle, without exception, that there can be no estoppel against statute.

(Emphasis Supplied).

136. In view of the above discussion, it is clear that the admissions made of law or legal provisions are inconsequential, they cannot operate as an estoppel against the person making it. The courts are not to act upon the admissions of wrong legal principles made by the parties. Rather, the court has to adjudicate rights and liabilities of parties basing on the true legal position emerging from the interplay of the provisions of the statute and not upon any such wrong admissions.

137. Accordingly, the statements made in the replication by the plaintiff if any to the effect that India follows the principle of international exhaustion cannot be termed as admission of the legal principle and the same cannot operate to the detriment of the plaintiff. The said admission whatsoever does not also absolve the court from its duty to analyze the legal position as exists on the plain and contextual reading of statute merely because the plaintiff mistakenly or otherwise has written or made such statement in the replication.

138. Further, Mr. Anand, learned counsel for the plaintiffs has informed the court that the same has been inadvertently written by some junior advocate which means that the same is an accidental slip and confirms the applicability of the afore quoted rule that the rights cannot be adjudicated on the basis of the mistaken concessions of law given by the parties or their counsel and cannot bind the parties. Therefore, the statement made in para 17 or 11 of the replication wherein the plaintiffs have not denied that India follows the principle of information exhaustion is inconsequential in law and does not aid the case of the defendants.

139. Let me now deal with the submissions made by the defendants in seriatim:

a) Firstly, I have already dealt with the submissions of the defendants that India follows the principle of international while analyzing Section 30(3) by contextually reading the same and arrived at the finding that the said submission is without any force.

b) Secondly, the submissions of the learned counsel for the defendants that the imports amounts to the goods lawfully acquired by a person is also incorrect and the same stands dealt with in the discussion relating to Section 30(3).

c) Thirdly, I have already discussed the conception of market in my discussion on Section 30(3) in great detail and thus the submissions of the defendants that

there is a worldwide free market and importation is allowed and is not an infringement is also rejected. The same does not hold true that Indian Act is narrower in terms when it comes to the concept of market.

d) Fourthly, I have already rejected the parliamentary material which is not statement of objects and reasons and even it is assumed to be so that they are not true aid of construction of the provision where the language speaks otherwise. I have rejected the other aids including write ups or maps which cannot be guide to the interpretation. Thus, the said argument is again without any force and is rejected.

e) Fifthly, I have also dealt with the decision of Xerox (supra) reliance of the defendant as per my view is misconceived. Similarly, I am also not basing my decision on the basis of ex parte order passed in earlier case of Samsung Electronics Co Ltd vs. G Chaudhary and thus it does not call for discussion as I have independently formed an opinion on the basis of plain and contextual reading of the provisions as well as the comparative analysis with UK law.

f) Sixthly, the defendants have argued that Section 30(4) has to construed as if it is a proviso to Section 30(3). Although, there is no need to examine the said submission as the case of the defendant as per my view does not even come within the purview of the Section 30(3). Still I am examining the said submission in following manner:

The reading of Section 30(3) and Section 30(4) reveals that although the Section 30(4) clearly states that the Section 30(3) shall not apply in some cases but no where it uses the language as "provided" which may make it in as much as that of the proviso. The said Section 30(4) is at the best the exception to Section 30(3) but cannot be assumed to be proviso when it is couched in such language.

It is well settled that the provision which acts as an exception cannot necessarily be presumed to be proviso to the main section. This has been examine in detail by Supreme Court in the case of London Rubber Co. Ltd. Vs. Durex Products, wherein Section 10 (1) and (2) of the Trade Marks Act, 1940 which are exceptions to each other were contended to be proviso to each other. The Supreme Court recorded the submission in the following words and thereafter rejected the same:

Mr. Pathak, however, contends that sub-s. (2) is merely a proviso to sub-s. (1) and as such it cannot apply to a case which squarely falls under s. 8(a). Being a proviso to sub-s. (1), the argument proceeds, it must apply to the matter contained in the main provision and that since sub-s. (1) applies only to a case where a competing trade mark is already on the register it cannot apply to a case falling under s. 8(a) which provision deals, according to him, only with cases where there is no mark on the register. He contends that the language used in sub-s. (2) is in material respects identical with that used in sub-s. (1) and thus establishes the mutual connection between the two provisions. A similar argument was advanced before the High Court and was rejected by it, in our

opinion rightly.

(Emphasis Supplied)

The question, however, is whether sub-s. (2) can be regarded

by itself or it is, as contended by Mr. Pathak, only a proviso to sub-s. (1) and being a proviso it must apply only to cases which are contemplated by the main enacting provision, that is, sub-s. (1) of s. 10. He concedes that sub-s. (2) is not described by the legislature as a proviso to sub-s. (1) but he wants us to construe it as a proviso because it occurs in the same section as sub-s. (1) and its language is similar to that of sub-s. (1).

(Emphasis Supplied)

In support of this contention he has referred us to *Ram Narain Sons Ltd., v. Assistant Commissioner of Sales Tax*(,). That was a case where this Court was considering the proviso to Art. 286(2) of the Constitution and the Court held that a proviso was meant only to lift the ban under Art. 286(2) and nothing more. Bhagwati J., who delivered the judgment of the Court has observed thus :

It is a cardinal rule of interpretation that a proviso to a particular provision of a statute only embraces the field which is covered by the main provision. It carves out an exception to the main provision to which it has been enacted as a proviso and to no other.

These observations, however, must be limited in their application to a case of a proviso properly so called and there is no justification for extending them to a case like the present where the legislature has, when it could we I do so if that were its intention, not chosen to enact it as a proviso. The decision.. therefore, affords no support to the contention.

(Emphasis Supplied)

Thus, it is clear that in cases where one provision is exception to another, the same cannot be called as proviso to the same on the basis of the assumption unless the legislature expressly enacted the same to be properly so called proviso. In the given case, if I apply the said principle, it is clear that the terms of Section 30(4) cannot be cut down by treating it as a proviso. The submission of the defendant is thus rejected as unmeritorious.

g) Sixthly, the submission of the defendants that there are other entities, who are also doing the importation within the knowledge of the plaintiffs and for the same reason, the plaintiff are estopped from suing the defendants and seeking injunction. In reply, the plaintiffs submit that the defendants have now informed about the same and they shall be taking necessary action accordingly. I have given due consideration to the submission and reject the same as incorrect. I have already arrived at the finding that the importation of goods under the mark is an infringement envisaged u/s 29(1) read with Section 29(6) with no exception as to genuine or non genuine goods. Therefore, by virtue of the acts of

defendants being an infringement, the third party misuse cannot be pressed into service to escape the liability of infringement which is well settled principle in view of dictum of Pankaj Goel Vs. Dabur India Limited and Castrol Limited Vs. A.K. Mehta of Division Bench of this court. Shri Pankaj Goel Vs. Dabur India Ltd., held that merely because others are carrying on business under similar or deceptively similar trademark or have been permitted to do so by the plaintiff, cannot offer a licence to the world at large to infringe the trademark of the plaintiff. It was further held that even otherwise, the use of similar marks by a third party cannot be a defence to an illegal act of passing off. In Castrol Limited v. A.K. Mehta 1997 (17) PTC 408 DB it was held that a concession given in one case does not mean that other parties are entitled to use the same). In that view of the matter, mere fact that there are other traders in the market who are also doing similar acts is inconsequential in law when it comes to testing the acts on the defendants on thresholds of statutory infringement. Therefore, the said submission of the defendant is equally without force.

h) Seventhly, the submission of the defendants that the concept of material alteration is distinct from that of material differences in US. The said submission needs no examination as in my view the case of defendants does not even fall with Section 30(3) which talks of domestic market where the mark is registered. Thus, the question of examining the said concepts and differences in the context of the provisions existing in different statutes does not arise. The judgments relied upon the defendants to urge this point of material differences and material alteration also warrants no discussion. The submission is thus not considered as the defendants has failed to show how its case falls within section 30(3) even.

i) Eighthly, the submission of defendants that the private arrangement between the plaintiff No. 1 and plaintiff No. 2 cannot contract out the law of the land which is otherwise is also rejected. This is due to the reason that the legal position as emerging from the analysis done above is to the effect that Section 30(3) operates an exception to an infringement u/s 29 within the same market. Therefore, it is only the registered proprietor or permitted user who can cause such importation. In that view of the matter, there is no reason to accuse the plaintiffs to contract out the law as there is no such legal position as contemplated by the defendants.

j) Ninthly, the distinctions between EU directives vis a vis Indian statute so far as its comparison with Section 30(4) with Article 7 of EU directive is concerned, the same are immaterial as the conclusions which I have set out herein are not based on legitimate reasons and thus the said discussion is again unwarranted.

k) Tenthly, so far as the other admissions are concerned as alleged by the defendant. The one which relates to the plaintiffs themselves recognizing the legitimate reasons as an exception to international exhaustion falls within the same domain that the plaintiffs cannot suffer on the counts of admissions made on the basis of mistaken position in law as discussed above and the same admissions are inconsequential in law. Further, the other admissions as pointed

by the defendants do not clinch the issue as either they are not clear or ambiguous which do not aid the case of the defendants.

l) Eleventhly, the submissions of the defendants on the aspect of guarantees given by the defendants as that of original also do not require further consideration as I have arrived at the prima facie conclusion that importation by virtue of Section 29(1) read with Section 29(6) is an infringing act. Thus, the said submissions of the defendants do not take the defendant's case anywhere further.

m) Twelvethly, the submission of the defendants on meta tagging being fair use as the same is the only way to describe the article which they are selling through importation which according to the defendant is permissible under the law. The said contention also becomes unmeritorious as the act of importing the products without being a registered proprietor or permitted user is impermissible, consequently, the promotion of the same on website in order to take advantage over and above the market of the plaintiffs which the plaintiffs can control cannot in any manner categorized as fair use. Once, the plaintiffs object to the said use of the mark SAMSUNG and other trade description on internet, the same cannot be said to be fair use in order to promote infringing act.

n) Thirteenthly, the submissions of the defendants that there are misrepresentation in the suit and thus the injunction application is liable to be dismissed is also rejected. The reasons for the rejection of the submissions are enlisted as under:

? The defendants' contention that there is a misrepresentation due to some past relations between the plaintiffs and defendants as the defendants acted as an outlet for the plaintiffs product, the same does not aid the case of the plaintiff, the same rather shows that the defendants who were earlier selling products under the permission of the plaintiffs have also started selling parallel imported products later. The plaintiff in any case refutes this contention by urging that it is only when the defendants started selling such low costs printers imported from foreign countries to the detriment of the plaintiffs, the suit has been filed and thus the prior relation is immaterial. I am convinced with the said submission as the case of the plaintiff is confined to the parallel importation of the printers and the same cannot be allowed to divert by showing past legal relations and rather it reflects upon the conduct of the defendants. The agreement dated 1st January 2001 relied upon by the defendants to show relation also shows that the defendants agreement was relating to PC Camera and further in the said agreement also contains the clause relating to market channels conflicts and to avoid such conflicts. The effect of such an agreement is rather that the defendants have subjected to such market conflicting restrictions. It is doubtful as to how the defendants if intend to use this agreement against the plaintiff can at all raise the point of exhaustion against the plaintiff if they want to rely this agreement as a past relation as they have by way of covenant subjected themselves to such market conflict minimization conditions. Thus, the past

relation cannot be operated against the plaintiffs or in favour of the defendants and this has to be examined in trial.

? The defendants' contention that there is misrepresentation due to the reason that the plaintiffs have not disclosed that the defendants were already acting as parallel importers at the time when the plaintiff was doing business with them. The defendant say this as general statement but does not talk about the plaintiffs products in specific along with the documents as to the fact that the defendant so called products which are subject matter of the proceedings like printers etc are also available by way of parallel importation within the knowledge of the plaintiff since the time both are engaged with the business. If that is not so clearing coming out, then the contention of the defendants deserves to be rejected. Rather if one sees the document of engagement with the defendants, the agreement clearly spells out that there should be a market conflict minimization which means that the plaintiff has been always been conscious about such parallel importation with the defendant. Thus, the knowledge element cannot be ascribed to the plaintiffs. In fact, the plaintiff again disputes the same which becomes a matter of trial again.

? The defendants' contention that there is a misrepresentation due to the fact that the plaintiffs themselves are importing goods from the other countries. Again, there is no parallel which can be drawn with the situation of the plaintiff No. 2 with that of the defendants. The plaintiff No. 2 is the authorized user and rather on affidavit stated to be exclusive licensee of the plaintiff No. 1 which can clearly escape the case of the plaintiff No. 2 from Section 29 as against the defendants who are clearly dealing with the products without the consent or authorization and are guilty of infringement u/s 29.

? All other submissions of misrepresentation are rejected as there is no force in the argument of concealment to the effect that there is anything which is being misrepresented by the plaintiff. The defendants have failed to substantiate any such submission on misrepresentation. There is no counter blast litigation which can be inferred at this stage nor is the knowledge of the plaintiff in relation to the defendants activities clearly shown towards the parallel importation of the printers. Thus, the contention of misrepresentation is without any force.

? The contention that the defendants are actually purchasing the goods from the legitimate channels is also not correct that there is no misrepresentation by the plaintiff. In law, I have held that the goods are lawfully acquired by a person has to bear a registered trade mark which means that the said acquisition has to be from the domestic market. Thus, the lawful channels as argued by the defendant does not fit within the purview of Section 30(3) of the Act and thus the argument is meritless.

140. No further submission of the defendants has remained unanswered. The judgments relied upon both the parties in relation to material alteration and material differences. Those judgments passed by US courts holding in some

cases material difference in affirmative and in some negative are not relevant for the present discussion as my prima facie conclusion is based on the fact that the case of the defendants does not fall within Section 30(3) and I have not based my findings on the basis of Section 30(4), thus all those decisions of US and UK court do not warrant discussion. So far as other judgments of US courts holding international exhaustion are concerned and EU court holding the exhaustion are concerned, the same may hold good in the light of their legal position and in the context of the legal provisions existing therein. In the Indian context, I have already done the plain and contextual reading of the Section 30(3) and Section 30(4) whereby I have come to the conclusion that the said sections provide for a very limited applicability of the said principle of exhaustion within the domestic market. Even in those cases, the right to oppose the dealings is available. In these circumstances, the discussion relating to US and UK decision laying down tests for the purposes of express consent or implied consent or when can international/ domestic exhaustion principle be invoked do not warrant any detailed discussion. Likewise, the detailed discussion on legitimate reasons is not required and suffice it to say that aid from the said decisions can be drawn in the limited sense as the context in which the provisions exist for opposition of dealing in UK is the same as the context in Indian Act although the principal provision of exhaustion vary in terms of concept of market. The judgments on the point of legitimate reasons also do not further warrant discussion as in the present case, I am not invoking the said doctrine of legitimate reasons in the present case in the absence of any need as the case of the defendants does not fall in Section 30(3) even.

141. In view of the above discussion, it is for me now to discuss the principles relating to grant of temporary injunction which are:

- a) Prima facie case
- b) Balance of convenience
- c) Irreparable loss

142. The plaintiffs in the present case has been able to show prima facie case of infringement of the registered trade mark in view of my discussion above wherein Section 29(1) read with Section 29(6), the imports of the goods under the mark amounts to infringement of the trade mark. The defendants have not able to establish any plausible to defence to such an infringement. The balance of convenience lies in favour of the plaintiffs as the plaintiffs will be more inconvenienced if the defendants are allowed to run such market of parallel importation to the detriment of the plaintiffs. The irreparable loss shall also ensure to the plaintiff in form of loss of market and depreciation in the goodwill under the mark in the event the goods which are not meant for the present market are allowed to be continued to be sold by the defendants when the statute clearly prohibits so and on the contrary no irreparable loss shall occur to the defendants as it is the case of the defendants that they are selling the

genuine products and capable of selling the same. Thus, the defendants can easily switch over to the genuinely purchased printers which are emanating from the plaintiffs.

143. Accordingly, the prayers made in IA No.7774/2011 are allowed and the defendants, their agents, servants and all other acting for and on their behalf are restrained from importing, exporting and dealing in printers and their ink cartridges/toners bearing the trademark SAMSUNG and also restrained from using the mark SAMSUNG in any manner in respect of promotional activities including on website. As far as other products are concerned as prayed in the application, as clarified in the order dated 17.11.2011, the plaintiffs are at liberty to take an action in accordance with law. The defendants' application being I.A. No.10124/2011 under Order XXXIX Rule 4 read with Section 151 CPC is dismissed with cost of Rs.30,000/- which shall be deposited by the defendants with High Court Advocates Welfare Fund within four weeks from today.

144. I.A. No.7774/2011 and I.A. No.10124/2011 are disposed of.