

Legal Issues in ‘IP Rights and Limitations’

Issue: When do changes or impairment constitute “legitimate reasons” to restrain further dealing of lawfully acquired trademark goods?

Relevant Legal Provisions

❖ *Section 29 of the Trademarks Act, 1999*

Infringement of registered trade marks

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

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

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

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

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

Relevant Legal Provisions

❖ *Section 30 of the Trademarks Act, 1999*

Limits on effect of registered trade mark–

(3)- Where 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 mark 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.*

Relevant Legal Provisions

❖ *Section 30 (4) of the Trademarks Act, 1999*

(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.

Relevant Judicial Decisions

- ❖ *Kapil Wadhwa & Ors. v. Samsung Electronics Co. Ltd. & Anr., on October 03, 2012 [194 (2012) DLT 23, Delhi High Court]; Division Bench*

“68...With respect to physical condition being changed or impaired, even in the absence of a statutory provision, the registered proprietor of a trade mark would have the right to oppose further dealing in those goods inasmuch as they would be the same goods improperly so called, or to put it differently, if a physical condition of goods is changed, it would no longer be the same goods. But, sub-section 4 of Section 30 is not restricted to only when the conditions of the goods has been changed or impaired after they have been put on the market. **The section embraces all legitimate reasons to oppose further dealings in the goods.** Thus, changing condition or impairment is only a specie of the genus legitimate reasons, which genus embraces other species as well What are these species? (i) **Difference in services and warranties** ... (ii) *Difference in advertising and promotional efforts* ...(iii) **Differences in packaging** (iv) *Differences in quality control, pricing and presentation* ...(v) *Differences in language of the literature provided with the product..*

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

Relevant Judicial Decisions

❖ *Kapil Wadhwa & Ors. v. Samsung Electronics Co. Ltd. & Anr.*, on October 03, 2012 [194 (2012) DLT 23, Delhi High Court]; Division Bench (Contd.)

“73....Now, the Principle of International Exhaustion of Rights itself takes away the right of the respondents to control the further sale and further distribution of the goods. With respect to after sales services, since the respondents do not warranty anything regarding their goods sold abroad, but imported into India and further sold, they not being responsible for the warranty of those goods, nothing turns thereon, as regards said plea. There may be some merit that the ordinary consumer, who is provided with warranties and after sales by the appellants, on not receiving satisfactory after sales service, may form a bad impression of the product of the respondents and thus to said extent one may recognize a possible damage to the reputation of the respondents pertaining to Samsung/SAMSUNG printers and Samsung/SAMSUNG products sold in India after importation. But, this can be taken care of by passing suitable directions requiring the appellants to prominently display in their shop that the Samsung/SAMSUNG printers sold by them are imported by the appellants and that after sales services and warranties are not guaranteed nor are they provided under the authority and control of the respondents and that the appellants do so at their own end and with their own efforts. This would obviate any consumer dissatisfaction adversely affecting the reputation of the respondents, and thus if this is done, the respondents can claim no legitimate reasons to oppose further dealing in Samsung/SAMSUNG products in India.” (emphasis supplied)

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Image accessed from Seagate Technology LLC v. Daichi International [(2024) 4 HCC (Del) 265]

Relevant Judicial Decisions

❖ *Western Digital v. Amit Tanna, on April 19, 2016 [CS(COMM) 359/2016, Delhi High Court]; Single Bench*

“10...I have gone through the provisions of Sections 30(1), (3) and (4) of the Trade Marks Act, 1999 and para 68 of the judgment in the case of Kapil Wadhwa (supra), keeping in mind that the question today is of grant of ex parte order in the present case where the plaintiffs have failed to demonstrate that there is a prohibition upon OEMs who have purchased the hard drives from the plaintiffs to further sell the same to third parties..... whether the plaintiffs are entitled to the benefit of Sections 30(1) and 30(4) of the Trade Marks Act, 1999, it is noted that these sections cannot be used for granting blanket ex parte injunction order in favour of the plaintiffs. “

*“11....it is directed that the defendants while selling the products will not sell the products either by representing that they are covered under the manufactures warranties/plaintiffs’ warranties...to give details of the products being sold including the original expiry date given by the plaintiffs whenever the defendants sell the products if they are products of the plaintiffs....not to have any hyper link or any other attachment on their website so as to indicate as if the sales being made by the defendants of the products of the plaintiffs have authorization of or are covered under the warranties of the plaintiffs..”
(emphasis supplied)*

Relevant Judicial Decisions

- ❖ *Western Digital v. Rajesh Verma, on May 17, 2016 [(CS(COMM)No.562/2016, Delhi High Court]; Single Bench*

“2... when it received a notice from the custom authorities it ran a check in its records which showed serial numbers of hard disks which were referred to in the notice of the custom authorities were in fact supplied to original equipment manufacturers and the defendants who have imported the hard drives have in all probability taken these hard disk drives after pulling them from old machines, cleaning up the data, refurbishing and repacking them, resulting in its material alteration whereby subject hard drives cannot be sold under the trademark of the plaintiffs in view of the protection afforded to the plaintiffs under Section 30(1) of the Trade Marks Act, 1999.”

“3... till further orders unless varied by the Court, defendants are restrained from in any manner selling any hard drives except without taking a certificate from the plaintiffs with respect to the same being original hard drives as originally sold i.e defendants cannot sell the hard drives which have been pulled up from old machines after cleaning up the data, refurbishing and repacking the hard drives.”
(emphasis supplied)

Relevant Judicial Decisions

- ❖ *Western Digital v. Raaj Computers, on September 21, 2022 [CS(COMM) 677/2019 , Delhi High Court]; Single Bench*

“25...the defendants are guilty of passing-off old hard-disk drives and used hard- disk drives of the plaintiff as new products of the defendant, by tampering with the PCB and the labels of these hard-disk drives. This in my view, is clearly an infringement of the trade mark of the plaintiff as also passing off goods of the plaintiff as new and un-used, thereby leading to deception, loss and injury to an unwary consumer as also dilution of the trade marks of the plaintiff and unfair trade practices adopted by the defendant. The defendant is also not entitled to seek protection under Section 30(3) of the Act as it has tampered with the goods of the plaintiff and its labelling.”

“27. In Amway India Enterprises Pvt. Ltd. v. IMG Technologies Pvt. Ltd. & Anr., 2019 SCC OnLine Del 9061, this Court has held that the doctrine of exhaustion cannot give legitimacy to the tampering and mutation of the products themselves.” (emphasis supplied)

Relevant Judicial Decisions

- ❖ *Seagate Technology LLC v. Daichi International*, on May 21, 2024 [(2024) 4 HCC (Del) 265, Delhi High Court]; Single Bench

“89...Section 30(4) is an exception to Section 30(3), and excludes its applicability in a situation where the condition of the goods has been changed or impaired, after they are put in the market. Essentially, it entails that the goods have entered into the market along with the registered mark but since its condition has been changed or impaired, which would include the removal of the original trademarks, Section 30(3) could not apply. This interpretation of the third pre-condition of Section 30(3) and the express provision under Section 30(4), excepting out goods which are changed or impaired, settles into a sensible and logical construct”

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

Relevant Judicial Decisions

❖ *Seagate Technology LLC v. Daichi International* , on May 21, 2024 [(2024) 4 HCC (Del) 265 , Delhi High Court]; *Single Bench (Contd.)*

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

“116...The defendants will be permitted to sell the refurbished HDDs, provided they comply with...(1) **Packaging to identify the source of the product...**(ii) **Reference to the original manufacturer is to be made through their word mark and not the device mark...**(iii) **Packaging must specify that there is no original manufacturer’s Warranty...**(iv) **Packaging must specify that the product is “Used and Refurbished”...**(v) **Statement as to extended warranty by the Refurbisher...**(vi) **Packaging must reflect an accurate description of the features...**(vii) **All of the above should also be complied with by the defendants on promotional literature, website, e-commerce listings, brochures and manuals.**” (emphasis supplied)

Relevant Judicial Decisions

- ❖ *Western Digital Technologies, Inc. v. Hansraj Dugar on May 16, 2025, [CS(COMM) 586/2019, Delhi High Court]; Single Bench*

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

Relevant Judicial Decisions

- ❖ *Western Digital Technologies Inc.& Anr. v. Geonix International Private Limited through its Directors, Mr. Gaurav Jain Mr. Saurabh Jain & Anr. on March 09, 2026 [2026: DHC: 1908-DB , Delhi High Court]; Division Bench*

“112... The question of applying Section 30(3), therefore, would arise only if the sale of, or otherwise dealing in, the lawfully acquired goods bearing the trademark of another, amounts to infringement within the meaning of Section 29, as Section 29 constitutes a complete and self-contained code with respect to infringement....”

“114 ... “Use of a registered trademark” is defined in Section 29(6). It includes, in clause (b), offering or exposing the goods, bearing the registered trade mark, for sale, but does not include purchase of goods bearing a registered trademark. Before selling the HDDs, the respondents remove the appellants’ trademarks. They do not, therefore, use either the appellants’ registered trademarks or any mark which is deceptively similar thereto, in the course of trade. They do not, therefore, commit any act of infringement, as defined in Section 29 of the Act.” (emphasis supplied)

Relevant Judicial Decisions

- ❖ *Western Digital Technologies Inc.& Anr. v. Geonix International Private Limited through its Directors., Mr. Gaurav Jain Mr. Saurabh Jain & Anr. on March 09, 2026 [2026: DHC: 1908-DB , Delhi High Court]; Division Bench (Contd.)*

“117... the registered trade mark is only affixed on the goods, and the goods do not lose, or change, their identity as the goods even if the trade mark is changed. Significantly, Section 30(3) does not refer to “sale of the goods as such in the market”, but only to “sale of the goods in the market”

“118...Even after effacing the originally affixed trademarks of the appellants and substituting, in their place, the trademarks of the respondents, the further sale of the goods in the market, with such substituted trademark would, therefore, to our mind, constitute “sale of the goods in the market” for the purposes of Section 30(3) of the Act.”

Relevant Judicial Decisions

- ❖ *Western Digital Technologies Inc.& Anr. v. Geonix International Private Limited through its Directors., Mr. Gaurav Jain Mr. Saurabh Jain & Anr. on March 09, 2026 [2026: DHC: 1908-DB , Delhi High Court]; Division Bench (Contd.)*

“43....As used in Section 30(4), however, that meaning cannot be attributed to the word “changed”, as the change, or impairment, must constitute a legitimate reason for the proprietor of the mark to oppose the sale of the goods. If the change is resulting in making non-functional goods functional, or useless goods useful, without any prejudice to the registered proprietor of the trade mark, it cannot, quite obviously, constitute a legitimate reason to oppose the dissemination of the goods in the market. Equally, if the lawful acquirer of the goods, who sells them in the market, affixes his mark on them, that, too, cannot constitute a legitimate reason for the registered proprietor of the mark to oppose their sale or dissemination. The word “change”, therefore, must result in something negative resulting; in other words, the word “changed” must be read noscitur a sociis with the word “impaired”. They must partake of a like character.”

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“136... It might have been another matter if the manner in which the respondents dealt with the HDDs was in any manner prejudicial to the appellants, or diminished their goodwill or reputation. No material, worth its name, is forthcoming to the said effect. Any change in the HDDs, even if effected by the respondents, could not be said to prejudice the appellants in any manner, so as to provide, to the appellants, legitimate reasons to oppose further dealings in the HDDs, within the meaning of Section 30(4) of the Act.” (emphasis supplied)

Conclusion

- ❖ Sections 29 and 30 of the Trade Marks Act, 1999 define infringement and its limits. While Section 29 outlines acts constituting infringement, Section 30(3) permits dealing in lawfully acquired goods, subject to Section 30(4), which allows opposition where “legitimate reasons” exist.
- ❖ In Kapil Wadhwa, the court recognized the application of doctrine of international exhaustion and clarified that “*legitimate reasons*” extend beyond physical alteration to include differences in warranties, packaging, quality control, and consumer perception etc.
- ❖ Single Bench rulings (such as Amit Tanna, Rajesh Verma, and Raaj Computers) adopted a stricter approach, whereas later judgements (Seagate, Hansraj and division bench in Geonix 2026) soften this stance, with the “full disclosure” principle emerging as a key safeguard, allowing resale of refurbished or second-hand goods where consumers are clearly informed of their nature, origin, and absence of original warranties.
- ❖ The Division bench in Geonix clarified that the terms “change” and “impairment” must be read together (*noscitur a sociis*), requiring a prejudicial or negative impact to constitute a legitimate ground under Section 30(4).

THANK YOU!
Questions?

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