

Western Digital Technologies Inc & Anr vs Geonix International Private Limited, ... on 26 February, 2024

Author: Sanjeev Narula

Bench: Sanjeev Narula

\$-50

*

+

IN THE HIGH COURT OF DELHI AT NEW DELHI
CS(COMM) 168/2024

WESTERN DIGITAL TECHNOLOGIES INC & ANR.

Th

ve

GEONIX INTERNATIONAL PRIVATE LIMITED, &

Through: Ms. Rashi Bansal,
Mr. Saurabh Lal, A

CORAM:

HON'BLE MR. JUSTICE SANJEEV NARULA

OR

% 26.02.2024 I.A. 4406/2024 (seeking exemption from institution of pre-litigation mediation)

1. As the present suit contemplates urgent interim relief, in light of the judgment of Supreme Court in Yamini Manohar v. T.K.D. Krithi,¹ exemption from attempting pre-institution mediation is granted.

2. Disposed of.

I.A. 4407/2024 (seeking exemption from filing clear, translated copies with sufficient margins)

3. Exemption is granted, subject to all just exceptions.

This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 28/02/2024 at 21:32:56

4. The Plaintiffs shall file legible and clearer copies of exempted documents, compliant with practice rules, before the next date of hearing.

5. Accordingly, the application stands disposed of.

I.A. 4408/2024 (seeking leave to file additional documents)

6. This is an application seeking leave to file additional documents under the Commercial Courts Act, 2015.

7. If Plaintiffs wish to file additional documents at a later stage, they shall do so strictly as per the provisions of the said Act.

8. Accordingly, the application stands disposed of.

I.A. 4409/2024 (seeking interrogatories under Order XI Rule 2 (as amended by the Commercial Courts Act, 2015) read with Chapter IV of the Delhi High Court (Original Side) Rules and Section 151 of the Code of Civil Procedure, 1908)

9. Issue notice. Ms. Rashi Bansal, counsel for Defendant No. 1, accepts notice.

10. Issue notice to Defendant No. 2, by all permissible modes, upon filing of process fee, returnable on the next date of hearing.

11. List before the Court on 3rd April, 2024.

I.A. 4410/2024 (seeking exemption from two months' notice to the Government of India)

12. Issue notice to the Defendant No. 2, by all permissible modes, upon filing of process fee, returnable on 3rd April, 2024.

2023 SCC OnLine SC 1382.

This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 28/02/2024 at 21:32:56 CS(COMM) 168/2024

13. Let the plaint be registered as a suit.

14. Issue summons. Ms. Rashi Bansal, counsel for Defendant No. 1, accepts summons. She confirms receipt of the suit paper-book and waives the requirement for formal service of summons by the Registry. Written statement be filed within 30 days from today. Issue summons to Defendant No. 2, by all permissible modes, upon filing of process fee, returnable on the next date of hearing. Written statement shall be filed within 30 days from the date of receipt of summons.

15. Along with the written statement(s), Defendants shall also file affidavit(s) of admission/denial of Plaintiffs' documents, without which the written statement(s) shall not be taken on record.

16. Liberty is given to the Plaintiffs to file replication(s) within 15 days of the receipt of the written statement(s). Along with the replication(s), if any, filed by the Plaintiffs, affidavit(s) of admission/denial of documents of the Defendants, be filed by the Plaintiffs, without which the replication(s) shall not be taken on record. If any of the parties wish to seek inspection of any documents, the same shall be sought and given within the timelines.

17. List before the Joint Registrar for marking of exhibits on 29th April, 2024. It is made clear that any party unjustifiably denying documents would be liable to be burdened with costs.

18. List before Court for framing of issues thereafter.

I.A. 4404/2024 (Application for ex-parte, ad-interim injunction)

19. Issue notice. Ms. Rashi Bansal, Advocate, appearing on advance This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 28/02/2024 at 21:32:57 service, accepts notice for Defendant No. 1. She states that she will file her vakalatnama and seeks time to file a reply to the instant application. Nonetheless, in view of the urgency expressed by Mr. Pravin Anand, counsel for Plaintiffs, the Court proceeded to hear the counsel present in Court on the issue of grant of ad interim order.

20. Mr. Anand has presented the following facts and contentions on behalf of the Plaintiffs:

20.1. Plaintiff No. 1- Western Digital Technologies Inc. is a company organized under the laws of the State of Delaware, U.S.A. They specialize in, inter alia, storage devices, media players, routers/switches/bridges, desktops, solid state drives ["SSDs"], hard disk drives ["HDDs"], software, mobile applications, and other related equipment.

20.2. Plaintiff No. 1 uses 'WESTERN DIGITAL' as its house mark, either as a standalone or in conjunction with marks of its other brands.

Further, Plaintiff No. 1 is also the registered proprietor of the device/ logo 'WD'/ ' '. The registration details of Plaintiff No. 1's trademarks, as set out in Paragraph No. 20 of the plaint, are reproduced as under:

This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 28/02/2024 at 21:32:57 20.3. Plaintiff No. 2 is a wholly owned subsidiary

of Plaintiff No. 1, and is the registered owner of trade mark 'ULTRASTAR'. Details of Plaintiff No. 2's trademark registrations, set out at Paragraph No. 25 of the plaint, are as follows:

"Registered Trademark No.	Application Date
1498582	25.10.2006

This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above.

The Order is downloaded from the DHC Server on 28/02/2024 at 21:32:57 Class 16 Printed matter, namely instructional materials related to computer hardware, namely, storage units for data storage and retrieval and computer hardware, in International Class

16."

20.4. Plaintiffs have registrations in respect of their aforementioned marks in several countries, and have been using the same continuously and uninterruptedly. Further, Plaintiffs have incurred substantial expenses in marketing/ advertising their trademarks, as delineated in the plaint. Consequently, the said marks have acquired widespread goodwill and recognition in respect of the goods produced by the Plaintiffs. 20.5. Defendant No. 1- M/s Geonix International Private Limited is a wholesaler, retailer and manufacturer of, inter alia, HDDs and SSDs, promoting and advertising their business through third-party e-commerce websites, and social media platforms.

20.6. In November 2023, Plaintiffs, through their representatives, received news that old/ used HDDs of the Plaintiffs were being refurbished and sold in the market as brand-new HDD's under Defendant No. 1's branding 'Geonix' ["Impugned Products"]. In order to investigate the same, Plaintiffs purchased several 1 TB, 4TB and 8TB HDDs bearing the mark 'Geonix' from one, M/s. Sai Network Solutions located at Nehru Place, New Delhi. Thereafter, the said samples were examined by the Plaintiffs' internal team of engineers as well as by a third-party technical expert.

This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 28/02/2024 at 21:32:57 20.7. The investigation confirmed that Defendant No. 1's Impugned Products are in fact refurbished and rebranded HDDs which were originally manufactured by Plaintiffs under their marks "WESTERN DIGITAL" and 'ULTRASTAR'. Defendant No. 1 has physically altered Plaintiffs' brandings/ trademarks, markings at serial number, model and other identifiers from the said HDDs. Further, they have effaced the erstwhile model and serial number on the printed circuit board ["PCB"] of the said HDDs by reformatting the PCB with their own markings. The findings of the internal verification conducted by the Plaintiffs have been set out in Paragraph No. 43 of the plaint.

20.8. Thus, the old discarded HDDs of Plaintiffs are being rebranded and repackaged by Defendant No. 1 under the mark 'Geonix', and sold to customers by misrepresenting them to be new and unused HDDs. This constitutes a violation of the Plaintiffs' statutory rights and the principle concerning protection of consumer interest from deceptive marketing practices. To demonstrate the manner in which the Impugned Products are being altered, reliance is also placed on the technical reports of the third- party expert, relevant excerpts whereof are extracted hereinbelow:

This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 28/02/2024 at 21:32:57 20.9. Furthermore, the internal verification conducted by the Plaintiffs has revealed that despite the reformatting, refurbishing and rebranding of HDDs by Defendant No. 1, Plaintiffs can still be identified as original manufacturers of the Impugned Products once a report is generated This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 28/02/2024 at 21:32:57 upon running the HDDs on a device. This contention is evidenced by one such report generated by Plaintiffs, as follows:

20.10. In view of the above, it is argued that Defendant No. 1's impairment of the Impugned Products results in infringement of Plaintiffs' trademarks. Further, since Defendant No. 1 has removed the original trademarks on the Impugned Products without permission of the registered proprietor and thereafter sought to sell the same as brand new products, This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 28/02/2024 at 21:32:57 Defendant No. 1's conduct also amounts to reverse passing off. Reliance is also placed on Section

30(4) of the Trade Marks Act, 1999 ["Act"] to contend that the Plaintiffs have legitimate reason to seek injunction, as the condition of goods has been materially altered and impaired. Accordingly, the present suit is filed seeking protection of the Plaintiffs' trademarks.

21. Ms. Bansal, counsel for Defendant No. 1, strongly contests the aforementioned contentions. She submits that the Impugned Products are being sold under Defendant No. 1's own brand name 'Geonix'. Thus, the Impugned Products can only be identified to Defendant No. 1, and the Plaintiffs' contention in respect of misleading customers is untenable as there is no case of trademark infringement. Further, she argues that Defendant No. 1 has acquired the Impugned Products lawfully, and therefore, in light of Sections 29, 30(3) and 30(4) of the Act, there is an exhaustion of Plaintiffs' trademark rights and Defendant No. 1's sale of the Impugned Products cannot amount to infringement of the Plaintiffs' trademarks.

22. As noted above, the Court will take a firm view on the matter after pleadings in the application are complete, however, at the present stage, the Court is to consider the issue of ad interim ex-parte injunction. In view of the aforementioned contentions, the Court prima facie finds that the acts of Defendant No. 1 are tantamount to erosion of reputation and goodwill of the Plaintiffs. This is evident from the fact that the goods sold by Defendant No.1, are prima facie demonstrated to be products originally manufactured by Plaintiffs which have been refurbished and rebranded. Further, as shown above, Plaintiffs have demonstrated that as per the report generated by running the HDDs on a device, the Impugned Products are still linked to the This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 28/02/2024 at 21:32:57 Plaintiffs and therefore Defendant No. 1 has been unsuccessful in their attempts to remove any connection between the Impugned Products and Plaintiffs. The Court finds this linkage, which ostensibly is not present on the face of the Impugned Products but emerges upon further investigation, to have a potentially detrimental effect on the Plaintiffs' reputation. Further, in the prima facie opinion of the Court, this is also a case of reverse passing off, as Defendant No. 1 is falsely designating the origin and source of the Impugned Products and therefore, Plaintiffs can invoke Sections 30(3) and 30(4) of the Act.

23. In light of the above, the Court finds that Plaintiffs have made out a prima facie case in their favour and in case no ex-parte, ad-interim injunction is granted, Plaintiffs will suffer an irreparable loss; balance of convenience also lies in favour of the Plaintiffs and against the Defendants.

24. Thus, till the next date of hearing, Defendant No. 1 and/or anybody acting on their behalf, are restrained from impairing/ altering/ repackaging/ rebranding HDDs bearing Plaintiff No. 1's trademarks 'WD'/ 'WESTERN DIGITAL'/ ' ' and Plaintiff No. 2's trademark 'ULTRASTAR', and/or any similar mark which amounts to infringement and/or passing off of Plaintiffs' registered trademarks.

25. Let reply be filed within a period of two weeks from today. Rejoinder thereto, if any, be filed within one week thereafter.

26. Issue notice to Defendant No. 2, upon payment of process fee, by all permissible modes, returnable on the next date of hearing. Reply, if any, be filed within a period of two weeks from date of service. Rejoinder thereto, if any, be filed within one week thereafter.

This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 28/02/2024 at 21:32:57

27. List before the Court on 3rd April, 2024.

I.A. 4405/2024 (for appointment of Local Commissioner)

28. Mr. Pravin Anand, counsel for Plaintiffs, states that instead of appointing a Local Commissioner, the Plaintiffs would be satisfied if the Defendant No. 1 is directed to provide information relating to the inventory of HDDs available with them and those which have been sold under their mark 'Geonix' as new products.

29. Accordingly, it is directed that the Defendant No. 1 shall file an affidavit prior to the next date of hearing disclosing the stock statements of the sale and purchase of the HDDs originally manufactured by the Plaintiffs under Defendant No. 1's brand name 'Geonix', along with the proof of such purchase and sale.

30. With the above direction, the application is disposed of.

SANJEEV NARULA, J FEBRUARY 26, 2024 as This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 28/02/2024 at 21:32:58