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IN THE HIGH COURT OF DELHI AT NEW DELHI

Reserved on : 20th July, 2018

Date of decision : 2nd November, 2018

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**CS (COMM) 344/2018, I.As. 19124/2014, 20912/2014, 23749/2014
& 9106/2015**

CHRISTIAN LOUBOUTIN SAS Plaintiff

Through: Mr. Pravin Anand, Mr. Dhruv Anand,
Ms. Udit Patro & Mr. Shamim
Nooreydzan, Advocates.
(M-9313399860).

versus

NAKUL BAJAJ & ORS Defendants

Through: Mr. Ashish Kapur, Ms. Chetna Verma
and Mr. Anmol Kapur, Advocates.
(M-9811166800)

CORAM:

JUSTICE PRATHIBA M. SINGH

JUDGMENT

Prathiba M. Singh, J.

1. The present suit has been filed by the Plaintiff, who claims to be a manufacturer of luxury shoes. The name of the Plaintiff Company - Christian Louboutin (*hereinafter*, 'Plaintiff') is based on the name of its founder, namely Mr. Christian Louboutin, a famous designer of high end luxury products. The Plaintiff claims that the name, likeness and photographs of Mr. Louboutin enjoy goodwill and protection under the Trademarks Act, 1999 (*hereinafter*, 'TM Act'). The products of the Plaintiff are worn and preferred by a large number of celebrities. The Plaintiff claims that it enjoys enormous repute and goodwill in the fashion industry and was rated amongst top 5 prestigious women's luxury shoe brand. The name

“*Christian Louboutin*”, in word form and logo form, as also the red sole mark, are registered trademarks in India, and there are various other applications which are also pending registration. The Plaintiff further claims that its products are sold only through an authorized network of exclusive distributors. In India, there are two stores in Mumbai and one in Delhi which are authorized by the Plaintiff.

2. According to the Plaintiff, the Defendants operate a website by the name www.darveys.com (*hereinafter, ‘Darveys.com’*). It is the Plaintiff’s allegation that the Defendants, offer for sale and sell various products on their website, bearing the luxury brands/names of the Plaintiff. The Defendants’ website contains the complete “*Christian Louboutin*” product catalogue. The website further claims that the products are 100% authentic.

3. As per the plaint, the goods of the Defendants are impaired or are counterfeits. Apart from offering for sale and selling the Plaintiff’s products, on the website of the Defendants, the image of the founder of the Plaintiff is also used, and the names “*Christian*” and “*Louboutin*” are also used as meta-tags. By using these meta-tags, the defendants attract traffic to their website. According to the Plaintiff, the Defendants’ website gives an impression that it is in some manner sponsored, affiliated and approved for sale of a variety of luxury products bearing the mark of the Plaintiff’s genuine products. This results in infringement of the trademark rights of the Plaintiff, violation of personality rights of Mr. Christian Louboutin and dissolution of the luxury status enjoyed by their products and brands.

4. This Court had on 26th September, 2014 granted interim relief in the following terms.

“11. *Learned counsel for the plaintiff has referred to*

various paras of the plaint as well as documents placed on record. It appears to the Court that the plaintiff has been able to make out a strong prima facie case for grant of ex-parte ad-interim order. In case injunction is not granted, the plaintiff will suffer irreparable loss and injury. The balance of convenience lies in favour of the plaintiff and against the defendants. Thus, the plaintiff is entitled for ex-parte ad-interim injunction. Till the next date of hearing, the defendants, their partners, officers, servants, agents, distributors, stockists and representatives are restrained from selling, offering for sale, advertising, or directly or indirectly dealing in footwear and leather goods including shoes, handbags, purses, footwear or any other goods bearing the registered trademarks of the plaintiff or any similar trademark amounting to an infringement of registered trademarks of the plaintiff, in particular trademark registration No.1644051 for word mark CHRISTIAN LOUBOUTIN through their e-commerce website www.darveys.com and/or any of their outlets and/or during any events or exhibitions or in any manner whatsoever or any similar trademark amounting to an infringement of plaintiffs' registered trademarks, dilution as also passing off. Compliance of Order XXXIX Rule 3 CPC be made within four days. Dasti.”

5. The Defendants have, thereafter, filed their written statement. The plea taken in the written statement is that the customer who comes to the Defendant's website is given a choice of booking products from any of the 287 boutiques/sellers from across the globe. It is categorically averred that the goods offered are completely genuine and are sold directly by the sellers. It is claimed that the Defendants are not selling the goods but they merely enable booking of orders through their online platform. It is further claimed that no after sales warranty or service is given from the manufacturer and the

terms and conditions do not involve the Plaintiff, who are the manufacturers of the products. The written statement contains some interesting pleadings on behalf of the Defendants which are as under:

- a) That the praise for Mr. Christian Louboutin is not within the knowledge of the Defendants.
- b) That the Defendants are not aware about the various types of goods marketed by the Plaintiff.
- c) The Defendants have not had any direct dealings with the Plaintiff.
- d) The Defendants offer for sale luxury items of different concerns on the website, by booking orders only.
- e) The advertisements for promoting sale are made by the Defendants at their own expense without involving the Plaintiff.
- f) The goods of the Plaintiff were offered for sale on the website of the Defendants but the responsibility was taken over by the sellers, on whose behalf the goods were offered for sale.
- g) That the website Darveys.com offers products of 287 boutiques/sellers from across the globe.
- h) The goods are imported and are based on the understanding that the products are genuine and that the manufacturers are not liable in any manner; the name, address of brand owners are displayed.
- i) There is a disclaimer that the manufacturer does not have any responsibility and involvement in the sale process. There is no imitation because actual name itself is used.
- j) The Defendants do not purchase any articles for sale, only book the orders on behalf of the sellers whose products they display on their

platform. The names of the sellers are correctly displayed on the website.

- k) It is denied that the products are fake or counterfeits. The Defendant's website claims that only products of the original manufacturers are being sold.
 - l) The Defendants do not change the physical condition of the product and hence there is no impairment.
 - m) That the orders are booked and sent to the foreign sellers to supply the goods.
 - n) That the Plaintiffs should issue a warning that its goods are not for sale and in that case the Defendant will state that the goods of the Plaintiff will not be offered for sale.
 - o) The advertisement of the product is at the risk, responsibility and expense of the Defendants and that no commercial connection with the Plaintiff is represented.
 - p) That the Defendants offer goods belonging to various other manufacturers also. The Defendants claim that the Plaintiffs should feel happy about the sale of their products in a legalized manner.
6. The Plaintiff, in replication, claims that the Defendants' manner of use, in fact, alludes to a connection with the Plaintiff due to the following features on the website.

“i. Use of write-ups of Christian Louboutin on the Defendants' website in which the fame of red lacquered sole and the charm of the Plaintiffs products are acknowledged;

ii. The use of the trademark Christian Louboutin in enlarged overly conspicuous font size as opposed to a normal font size, on their website;

- iii. Use of meta-keyword-tags with a view to increasing the hits which the Defendants' websites obtain from search engines like Google;*
- iv. Use of photographs of Mr. Christian Louboutin on their website;*
- v. Use of photographs of the Plaintiffs products namely, Sweet Charity, Mina Spikes, Body Strass, Miss Loubi, etc, on the website of the Defendants;*
- vi. Use of characteristic model names of the Plaintiffs products namely: Sweet Charity, Mina Spikes, Body Strass, Miss Loubi, etc. in respect of their products, which model names are distinctive of the Plaintiffs products and thus have trademark value;*
- vii. Use of the registered trademarks of the Plaintiff, in particular the CHRISTIAN LOUBOUTIN word mark for tool-tip features on their website, i.e. which appear when the cursor or pointer is placed at specific locations on the website;*
- viii. Displaying pictures of shoes with red soles (which is a registered trademark of the Plaintiff) either with the words "Christian Louboutin" or even without the words "Christian Louboutin".*
- ix. A tie-up or arrangement with boutiques belonging to the exclusive distribution network of the Plaintiff is alluded to in the "About Us" section of the Defendants' website www.darveys.com."*

7. A perusal of the pleadings shows that no factual issues arise for determination in this case. The Plaintiff asserts proprietary rights in the image of Christian Louboutin, in the name Christian Louboutin, in the red sole design, in the logo of Christian Louboutin and the write up thereof. None of these are denied by the Defendants. Since the Defendants' only case is based on their role as intermediaries who book orders, for which supplies are effected through various sellers, the only defence put forward by the Defendant is under Section 79 of the Information Technology Act,

2009 (*hereinafter*, 'IT Act'). The issue of liability under Section 79 of the IT Act is to be decided on the basis of pleadings and documents on record, none of which are disputed by the parties. The website of the Defendants is admitted. The ownerships of the Plaintiff's marks are not disputed. Hence this Court, after hearing the parties, is proceeding to decide the suit. Neither party has any objection to the said course of action. Ld. Counsel for the Defendant in fact submitted during oral arguments, that the Defendants are willing to stop sale of any of the Plaintiff's products.

8. The following issues arise for decision in the present case.

a) Whether the Defendants' use of the Plaintiff's mark, logos and image is protected under Section 79 of the Information Technology Act, 2000?

b) Whether the Plaintiff is entitled to relief, and if so, in what terms?

A. E-commerce platforms and their liability as intermediaries

9. Electronic commerce or e-commerce, as it is known in short, is commerce which takes place online i.e. the purchase-sale of goods/services and not from physical brick and mortar shops, malls or kirana stores. The goods are sold through online platforms where the products are displayed and offered for sale. A customer, who wishes to purchase the product, can visit the website, browse the hundreds of choices that exist, identify the products, book an order, and upon delivery of the product, make payment. In some platforms, however, customers can maintain running accounts and their credit card or debit card would be automatically charged for the purchase so made. So far, the process is quite simple, however, the conundrum does not end here. Owing to a large variety of products that are offered by websites, companies running these platforms have arrangements

with various sellers for supply of products. Some websites display the names of the sellers transparently and also offer the same products through different sellers and even assist the customers by providing reviews of all the various sellers of that product.

10. In some instances, once a customer books an order, the same is transmitted to the seller and the seller supplies the product to the customer. The payment is, however, made through the online platform. However, in several online platforms, companies running the website maintain godowns and warehouses across the country and the world. The order is booked by the customer on the website. The invoice generated is that of the website company. The packaging of the product is by the said company. The delivery is also by the online platform. The e-commerce Company merely sources the products from the sellers and stores them in its godowns and warehouses. Inventory is maintained by the e-commerce platform. Thus, the e-commerce platform plays a much more active role.

B. When can an e-commerce platform be termed as intermediary?

11. Does every company which runs an e-commerce website automatically come under the definition of intermediary? As per the Information Technology Act, 2000 (*hereinafter*, 'IT Act') an 'intermediary' is defined as under:

“Section 2(w) “intermediary”, with respect to any particular electronic records, means any person who on behalf of another person receives, stores or transmits that record or provides any service with respect to that record and includes telecom service providers, network service providers, internet service providers, web-hosting service providers, search engines, online payment sites, online-auction sites,

online-market places and cyber cafes.”

12. A perusal of the website, Darveys.com, shows that immediately upon entering the website, a window is opened that it is “members only” website. It is also claimed that the website only offers luxury brands for members and the products are obtained from shops in USA and Europe at discounts as high as 60% are offered. In order to shop on this website, the customer has to pay Rs.2,000/- and obtain a membership. It proudly proclaims:

“Darveys is a members only club. Our members gets an opportunity to browse and shop from our exclusive collection at the same time as they are available at the international stores”.

13. The membership fee of Rs.2,000/- is not refundable. It claims that it provides luxury fashion essentials from over 70 opulent fashion labels, out of which 30 are available exclusively with Darveys.com. It also clearly states –

“we offer these exclusive products to our members and provide direct shipment from the international boutiques to their doorstep”.

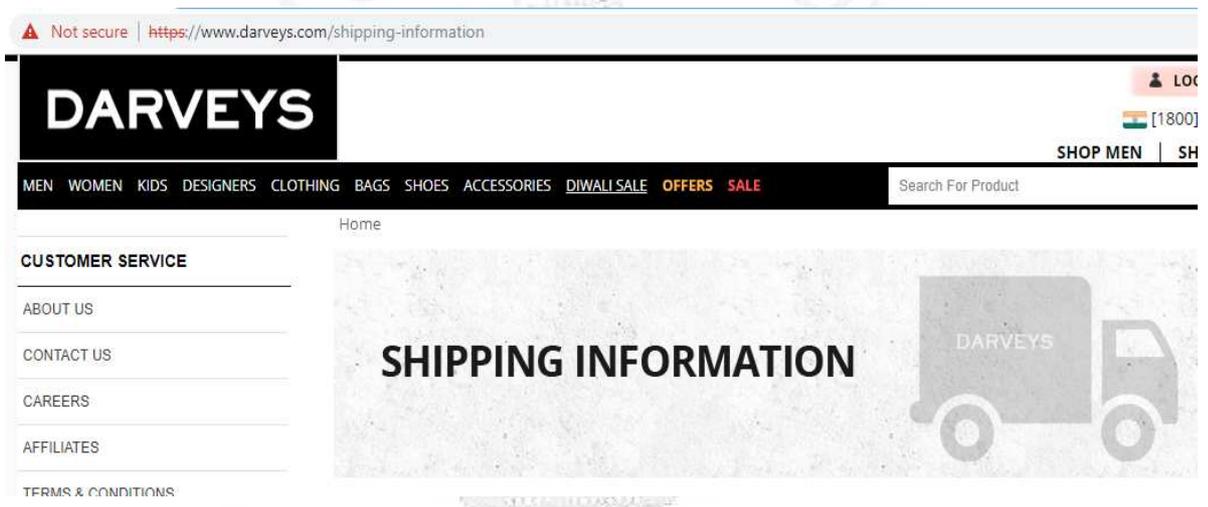
14. The website also provides what is called an authenticity guarantee, which states that –

*“We have a tie up with only A-listed authorised luxury local boutiques form across globe, who have been operational for over five years.
Our authenticity guarantee extends up to return of twice of the money to our members in case of lapse in our judgment of a fair deal.
So you can ease your stress and rejoice shopping with our transparent dealing.”*

15. The term used in this authenticity guarantee, in effect, means that

genuinity of the product is being guaranteed by the website. The terms “*lapse in our judgment of a fair deal*” also means that if the products turn out to be fake or of not the expected quality, Darveys.com will return twice the money.

16. On shipping information, it is claimed that the shipping is done from boutiques to the doorstep of the customers; however, an image of a truck with the name Darveys appears on the website which clearly shows that the website is, in fact, arranging the transportation of the product. The image of the truck is set out below.



Upon the customer becoming a registered member, the website, which is run by Defendant No.3 allots a password and account designation.

17. In its terms and conditions, it claims that it facilitates the purchase of original products such as clothing, footwear, wearable accessories from a myriad of high-end fashion brands. The website, Darveys.com contains a disclaimer that there is no connection, affiliation, or economic link with the brand owner. The disclaimer reads as under:

“Their exist no commercial connection or affiliation or

economic links between the brand owner/manufacturer and Darveys.com nor do we have any type of connection or control over the brand owner.”

18. In the user warranty page, the website claims that warranty and exchange terms are provided by the respective boutiques/sellers which are located abroad and the products sold through the website are not subject to warranty or exchange policy of the respective manufacturers. In the warranty section, the website claims that the responsibility is only to check if the matter given on the website is correct, but no warranty is provided in respect of quality, tone, truth, unity of any data, matter, product or service. It also claims that goods offered by Darveys.com are imported and genuine, which are sold through boutiques/sellers directly to the customers and the goods do not include any after sale service or warranty as they are not under the control of Darveys.com. It also claims that sales are made directly by the boutiques and invoices raised are by the suppliers to the customers. The relevant warranty conditions are set out below:

“Darveys.com is responsible to check that all the matter given on the website is correct, but it neither warrants nor makes any delegations with regard to the quality, tone, truth or unity of any data, matter, product or service. In no event shall Darveys.com be responsible for any direct, collateral, punishing, accidental, peculiar, consequential harm or any other damages resulting from: (a) the use or the inability to use the services or products; (b) non-authorized get at to or revision of the user's transmissions or matter; (c) any other matter in relation to the services; including, without restriction, damages for loss of use, data or revenue, arising out of or in any way associated with the use or performance of the website or service. Neither shall Darveys.com be responsible for the delay

or lack of ability to use the website or related services, the planning of or failure to allow services, or for any information, software, products, services and related graphics received through the website, or otherwise arising out of the use of the website, whether based on agreement, tort, carelessness, strict liability or differently. Further, Darveys.com shall not be held responsible for non- accessibility of the website during periodic sustenance procedure or any unplanned abatement of access to the website that may occur due to technical ground or for any reason beyond Darveys' control. The user must understand and agree that any material and/or data downloaded or otherwise received through the website is done entirely at their own prudence and they will be the only one responsible for any harm to their computer systems or loss of data that result from the transfer of such material and/or data.

The good offered on Darveys.com are imported and genuine, which are sold through boutiques/sellers directly to the customers and goods offered on Darveys.com do not include any after sale service/warranties as they are not under the control of Darveys.com

All sales are made by boutiques/sellers and not from the manufacturers. All invoices are raised by the supplier directly to the customer.

.....

It is further clarified that the goods sold through our portal are subject to the warranty and exchange provided by the boutique/seller selling the product and not subject to warranty or exchange policy of respective companies/stores/manufacturers.”

19. The prices for the products are maintained and changed at the

discretion of Darveys.com. In the shipping page, it claims that upon the boutique/seller forwarding the product to the shipping bearer, the title and risk for loss of any item is placed on the customer. This shows that even before the customer obtains the delivery of the product, the risk is passed on to the customer. An interesting feature of this website is that there is a seal of authenticity guarantee which is put on the website under 'Darveys Atelier' wherein it is stated that the quality checks are carried out by a third party team of professionally trained experts who visually and technically examine the precise details of the products that are shipped to the customers. The relevant portion of the role of 'Darveys Atelier' is set out below:

"We commit to offer 100% authentic products, which are procured from legitimate sources, to our extremely privileged customers, and in case of any lapse in our judgment of a fair deal, we promise to return you two times the price of the product.

.....
From Handbags to Footwear- Apparels to Accessories, each and every product undergoes the most stringent testing procedure to meet the highest standards of quality. Thus, we aim to gift our beloved customers with the most eminent quality & a collection of flawlessly exquisite products in order to endow them with the priceless shopping experience-like never before!"

20. This shows that each and every product is being claimed to be checked by Darveys.com and is therefore being shipped to the customer only after checking takes place. Surprisingly, the website does not have a list of boutiques/sellers from whom the website is sourcing the products.

Legal position on intermediary liability – International

Position in European Union:

21. The role of intermediaries in the EU in the context of brands, marks
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and use of the same is, inter alia, governed by the following EU Directives/Regulations:

- a. EC Directive 89/104 – “Rights conferred by a trademark”;
- b. EC Directive 2000/31 – “Directive on electronic commerce”;
- c. Regulation 40/94 – “Rights conferred by a Community Trademark”.
- d. Directive 2004/48/EC – “the enforcement of intellectual property rights”

22. In *Google France SARL, Google Inc. v. Louis Vuitton Malletier SA & Ors.* (hereinafter, ‘Google France’), the European Court, after reviewing the provisions of the EC Directive 89/104, Directive 2000/31 and Regulation 40/94 which stipulates the rights conferred by a trademark, considered the position of intermediaries. The following principles can be culled out from the said decision:

- a. Exemptions from liability of intermediaries are limited to the technical process of operating and giving access to a communication network. Such an exemption is needed for the purposes of making the transmission more efficient.
- b. The activity of the intermediary is merely technical, automatic and passive – meaning thereby that the intermediary does not have any knowledge or control over the information which is transmitted or stored.
- c. The intermediary gets the benefit of the exemption for being a “mere conduit” and for “caching”, when it is not involved in the information which is transmitted/translated.

- d. If any service provider deliberately collaborates with the recipient of a service, the exemption no longer applies.
- e. In order for the service provider to continue to enjoy the exemption, upon obtaining knowledge of any illegal activity, the service provider has to remove or disable access to the information.
- f. In order to constitute a mere conduit, the service provider should not initiate the transmission, select the receiver of the transmission, or select or modify the information contained in the transmission.
- g. The storage of the information has to be automatic, intermediate and transient.
- h. The provider should not obtain any data based on the use of the information.
- i. For claiming exemption from damages, the service provider should not have any knowledge of the illegal activity, and upon acquiring knowledge, should expeditiously remove or disable the information.
- j. Under Article 15 of the Directive 2000/31, the service providers do not have a general obligation to monitor the information which is transmitted or stored, nor a general obligation to seek facts indicating the illegal activity.
- k. Member states of the European Union, however, have the freedom as per their own legal systems of requiring a service provider to terminate or prevent an infringement.

23. The judgment in *Google France (supra)* was in respect of a paid referencing service called “Adwords”. This is enabled by Google through an

automated process for selection of key words. Louis Vuitton objected to the sponsored links on Google's search engine to websites which were offering imitation versions of Louis Vuitton products. Similarly, two more companies, one running a travel arrangement service and another running a matrimonial agency had raised issues in respect of the Adwords/ sponsored links provided by Google. Various disputes were referred to the European Court of Justice, and the Court came to the conclusion that a trademark owner is entitled to prohibit an advertiser on the Google Adword programme if the link is originating from a third party. However, if the service provider, who merely provides the internet reference through a keyword or a sign identical to the trademark, does not violate Article 51 of Directive 89/104, or 9(1)(a) and (b) of Regulation 40/94.

24. It was held that the storage of the marks or signs by Google does not constitute use for the purpose of Article 5 of the Directive 89/104. The conclusion is set out below:

“105. Accordingly, the answer to the second question referred in Case C-236/08 is that an internet referencing service provider which stores, as a keyword, a sign identical with a reputable trade mark and arranges the display of ads on the basis of that keyword does not use that sign within the meaning of Article 5(2) of Directive 89/104 or of Article 9(1)(c) of Regulation No 40/94.”

25. Insofar as liability of the service provider is concerned, the Court held that the following is required to be established:

“114. Accordingly, in order to establish whether the liability of a referencing service provider may be limited under Article 14 of Directive 2000/31, it is necessary to examine whether the role played by that

service provider is neutral, in the sense that its conduct is merely technical, automatic and passive, pointing to a lack of knowledge or control of the data which it stores.”

26. One of the leading judgments on the issue of violation of trademark rights on online platforms is ***L’Oreal SA & Ors. v. eBay International AG & Ors. [Case C-324/09 decision dated 12th July, 2011]*** decided by Court of Justice of European Union (*hereinafter*, ‘CJEU’) on a reference from the High Court of Justice (England and Wales), Chancery Division (United Kingdom). The case involved was of sale of L’Oreal perfumes, cosmetics, hair cutting products on the eBay platform by sellers. The sellers entered into an agreement with eBay called “Online – Market User Agreement”. The said agreement prohibited the sale of counterfeit items or sale in violation of trademark rights. The various allegations of L’Oreal were-

- i) That its products were being sold in violation of territorial limitations i.e. products which were made for US and other territories were being sold in Europe,
- ii) That some of the products sold on the platform were counterfeit products,
- iii) That eBay was advertising L’Oreal products through the Google ‘Adwords’ referencing service.

27. The CJEU held that the advertising through key-words/Adwords could constitute “use”, however, since the said use was in respect of products of L’Oreal itself, it would not be in violation of Directive 89/104 and Regulation 14/94. However, in respect of liability of the operator of an online market place, in order for the internet service provider to be exempted

from liability under article 14 of the Directive 2000/31 i.e. the E-commerce Directive, such an operator ought to be intermediary. Following the tests in *Google France (supra)* the Court held that eBay processes the data entered by its sellers. eBay also provides assistance to optimize the sales of the sellers. The Court distinguishes between the operator of an online market place who stores the offers for sale on its servers, sets terms of service, provides general information and is remunerated for the same and an operator, who optimizes presentations of the offers for sale, promotes offers, provides them assistance etc. In the former case, the operator would be entitled to exemption from liability whereas in the latter, it would not be entitled to exemption.

28. The question whether the operator of an online market place is entitled to the exemption, is based on the role played by the operator i.e. active or inactive. If the operator provides assistance “*which entails, in particular, optimizing the presentation of the offers for sale in question or promoting them*”, even if the operator has not played active role and he provides the above service, the operator can claim protection as an intermediary. However, the said intermediary, if upon becoming aware of the facts which lead to an inference that the offers made on the website were unlawful, failed to act expeditiously, then the exemption ceases.

29. The next question considered by the Court was whether the injunction ought to be granted. The Court held that the operators of online market place have a duty not only to bring an end to the infringement but also to prevent further infringement. Relevant observations are as under:

“144. In view of the foregoing, the answer to the tenth question is that the third

sentence of Article 11 of Directive 2004/48 must be interpreted as requiring the Member States to ensure that the national courts with jurisdiction in relation to the protection of intellectual property rights are able to order the operator of an online marketplace to take measures which contribute, not only to bringing to an end infringements of those rights by users of that marketplace, but also to preventing further infringements of that kind. Those injunctions must be effective, proportionate, dissuasive and must not create barriers to legitimate trade.”

30. However, the injunctions should not include an active monitoring of data, the general monitoring obligation would violate Article 3 of Directive 2004/48. The Court ought to also ensure that no barriers are created of legitimate trade. There could not be general and permanent prohibition of selling on that market place of goods bearing the trademark.

31. In contrast in *S.A. Louis Vuitton Malletier v. eBay Inc. & Anr.* [General docket no. 2006077799 decision dated 4th December, 2008] decided by the Commercial Court at Paris and thereafter, affirmed by the Appellate Court and the Supreme Court of France, in somewhat similar circumstances, the French Courts have held that eBay had not set up sufficient measures to combat infringements. For example by not imposing obligations on the sellers of seeking certificate of authenticity of products, by not commencing a guilty seller by terminating his accounts and by withdrawing the illicit advertisements when notified by the trademark owner. Thus, the Court further held that eBay was wrong in asking trademark owners for financial contribution to combat counterfeiting. Thus,

eBay was guilty of abstention and negligence, which both are tortious act for which it owed compensation.

32. Thus, in the EU, the national courts have to determine whether the service provider has played an active role or not, and whether it has knowledge or control all over the data which is stored by it. If the service provider has no knowledge, then upon obtaining knowledge of the unlawful data, if it failed to expeditiously remove the data or disable access, then the service provider could be liable. The test of whether the service provider is liable is to determine - Whether the role of the service provider is neutral or not? Thus, according to the judgements in the EU, in case of online market places, the injunctions which ought to be passed must be measured and calculated rather than blanket injunctions.

US Position:

33. In *Tiffany vs. eBay* 600 F.3d 93 (hereinafter, 'Tiffany v. eBay'), the allegation was that eBay's conduct in facilitating and advertising the sale of Tiffany's products, which turned out to be counterfeit, constitutes direct and contributory trademark infringement. The Circuit Judge held that eBay had taken sufficient steps to reduce the sale of counterfeit items on its websites and it had also acted in good faith. Whenever informed of counterfeit products being sold on its website, eBay took them down. eBay had also permitted Tiffany to disseminate more information about counterfeit products by providing for Tiffany to create an "About Me" page, on eBay's platform, which is maintained by Tiffany and not eBay. Due to all these reasons, the Circuit Judge decided in favour of eBay.

34. Before the Court of Appeals, Tiffany alleged that eBay was guilty of

infringement i.e. direct trademark infringement and contributory trademark infringement. On the former i.e. direct trademark infringement, the Appeals Court held that eBay was using the mark Tiffany on its platform to describe accurately genuine Tiffany products offered for sale on its website, and hence there was no direct infringement. According to the Court, if a mark is used to signify the genuine product of the trademark owner, it does not constitute infringing use of a mark.

35. However, the more complex question was in respect of contributory trademark infringement. On this issue, the Appeals Court analysed the judgment of the USA Supreme Court in *Inwood Laboratories, Inc. v. Ives Laboratoes, Inc.* 456 U.S. 844 wherein it was held -

“if a manufacturer or distributor intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, the manufacturer or distributor is contributorily responsible for any harm done as a result of the deceit”

This test for contributory infringement in this judgment is popularly known as the ‘*Inwood Test*’.

36. After considering the ‘*Inwood Test*’, the Appeals Court in *Tiffany v. eBay (supra)* had to consider the question as to whether the *Inwood test* of contributory infringement could be extended to service providers on the internet. Various Circuit Courts of the United States had considered the *Inwood test* and had come to varying the conclusions: -

- (1) Sale of Hard Rock Cafe T-shirts by a flea market owner was infringement¹.

¹ *Hard Rock Café, 955 F.2d at 1148-49*
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(2) In *Lockheed Martin Corp. v. Network Solutions, Inc.* 194 F.3d 980 the Court had held that if a service provider exercises sufficient control over the infringing conduct, it would be liable.²

37. The Court of Appeals in *Tiffany v. eBay (supra)* was considering the question as to whether contributory infringement applies to an online market place like eBay. The Court of Appeals agreed with the District Court that in order for eBay to be made liable for contributory trademark infringement, eBay ought to have had more than a general knowledge that its service was being used for selling counterfeit goods. The Court of Appeals further discussed the manner in which the judgment in *Sony Corp. of America v. Universal City Studios, Inc.* 464 U.S. 417 (hereinafter, 'Sony') reconsidered the *Inwood test*. However, applying the *Inwood test* read with the decision in *Sony (supra)*, it held that

“Thus Tiffany failed to demonstrate that eBay was supplying its service to individuals who it knew or had reason to know were selling counterfeit Tiffany goods.

38. On the basis of lack of knowledge, therefore, the Court held that eBay was not liable. The Court further observed as under:

“Moreover, we agree with the district court that if eBay had reason to suspect that counterfeit Tiffany goods were being sold through its website, and intentionally shielded itself from discovering the offending listings or the identity of the sellers behind them, eBay might very well have been charged with knowledge of those sales sufficient to satisfy Inwood's “knows or has reason to know” prong. Tiffany, 576

² *Lockheed Martin Corp. v. Network Solutions, Inc.* 194 F.3d 980
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F.Supp.2d at 513-14. A service provider is not, we think, permitted wilful blindness. When it has reason to suspect that users of its service are infringing a protected mark, it may not shield itself from learning of the particular infringing transactions by looking the other way. See, e.g., Hard Rock Cafe, 955 F.2d at 1149 (“To be wilfully blind, a person must suspect wrongdoing and deliberately fail to investigate.”); Fonovisa, 76 F.3d at 265 (applying Hard Rock Cafe’s reasoning to conclude that “a swap meet cannot disregard its vendors’ blatant trademark infringements with impunity”).¹⁵ In the words of the Seventh Circuit, “wilful blindness is equivalent to actual knowledge for purposes of the Lanham Act.” Hard Rock Cafe, 955 F.2d at 1149.¹⁶

eBay appears to concede that it knew as a general matter that counterfeit Tiffany products were listed and sold through its website. Tiffany, 576 F.Supp. 2d at 514. Without more, however, this knowledge is insufficient to trigger liability under Inwood. The district court found, after careful consideration, that eBay was not wilfully blind to the counterfeit sales. Id. at 513. That finding is not clearly erroneous.¹⁷ eBay did not ignore the information it was given¹⁶ about counterfeit sales on its website.”

39. The claims of dilution were rejected. On the claims of false advertisement, the Court held that since eBay did not sell the counterfeit Tiffany goods, however, to the extent that eBay advertised the impugned merchandise, they should be held liable. Thus, on the issue of false advertisement, the Court remanded the matter to the District Court. The relevant observations are as under: -

“Finally, the district court reasoned that if eBay’s advertisements were misleading, that was only because the sellers of counterfeits made them so by offering

inauthentic Tiffany goods. Again, this consideration is relevant to Tiffany's direct infringement claim, but less relevant, if relevant at all, here. It is true that eBay did not itself sell counterfeit Tiffany goods; only the fraudulent vendors did, and that is in part why we conclude that eBay did not infringe Tiffany's mark. But eBay did affirmatively advertise the goods sold through its site as Tiffany merchandise. The law requires us to hold eBay accountable for the words that it chose insofar as they misled or confused consumers. eBay and its amici warn of the deterrent effect that will grip online advertisers who are unable to confirm the authenticity of all of the goods they advertise for sale. See, e.g., Yahoo! Inc. Amicus Br. 15; Electronic Frontier Foundation et al. Amicus Br. 18-19. We rather doubt that the consequences will be so dire. An online advertiser such as eBay need not cease its advertisements for a kind of goods only because it knows that not all of those goods are authentic. A disclaimer might suffice. But the law prohibits an advertisement that implies that all of the goods offered on a defendant's website are genuine when in fact, as here, a sizeable proportion of them are not. Rather than vacate the judgment of the district court as to Tiffany's false advertising claim, we think it prudent to remand the cause so that the district court, with its greater familiarity with the evidence, can reconsider the claim in light of what we have said. The case is therefore remanded pursuant to United States v. Jacobson, 15 F.3d 19 (2d Cir. 1994), for further proceedings for the limited purpose of the district court's re-examination of the false advertising claim in accordance with this opinion."

40. The Court of Appeals also considered the fact that eBay had an incentive to permit listing as it charged a fee for listing and sales through its platform. But the Court held that the liability of a service provider like eBay

could be only when it is informed of the infringement but ignores to take action.

41. Thus, there is no uniformity in the manner in which intermediaries have been treated in different jurisdictions. In fact, some intermediaries such as eBay have faced varying kinds of decisions. However, the underlying principles appear to be the same, in order to determine whether the intermediary is active or passive, negligent or compliant. All these questions are to be determined on the basis of role of the operator or the internet service provider but the trend is clearly that genuine intermediaries are saddled with lesser responsibilities of compliance upon notice and those intermediaries, which played active roles, have been held to be liable to pay monetary compensation.

Indian Judgments on intermediary liability

42. In *Shreya Singhal v. Union of India AIR 2015 SC 1523*, the Supreme Court was considering a batch of writ petitions filed relating to the fundamental right of free speech and expression guaranteed under Article 19(1)(a) of the Constitution of India. The challenge was to the constitutional validity of Section 66A and Section 69A of the IT Act and the scope of responsibility of an intermediary under Section 79 of the IT Act, to monitor user-generated content published on its website. In the context of the safe harbour provision for intermediaries contained in Section 79 the IT Act, the Court held as under:

“116. It must first be appreciated that Section 79 is an exemption provision. Being an exemption provision, it is closely related to provisions which provide for offences including Section 69A. We have seen how under Section 69A blocking can take place only by a

reasoned order after complying with several procedural safeguards including a hearing to the originator and intermediary. We have also seen how there are only two ways in which a blocking order can be passed - one by the Designated Officer after complying with the 2009 Rules and the other by the Designated Officer when he has to follow an order passed by a competent court. The intermediary applying its own mind to whether information should or should not be blocked is noticeably absent in Section 69A read with 2009 Rules.

117. Section 79(3)(b) has to be read down to mean that the intermediary upon receiving actual knowledge that a court order has been passed asking it to expeditiously remove or disable access to certain material must then fail to expeditiously remove or disable access to that material. This is for the reason that otherwise it would be very difficult for intermediaries like Google, Facebook etc. to act when millions of requests are made and the intermediary is then to judge as to which of such requests are legitimate and which are not. We have been informed that in other countries worldwide this view has gained acceptance, Argentina being in the forefront. Also, the Court order and/or the notification by the appropriate Government or its agency must strictly conform to the subject matters laid down in Article 19(2). Unlawful acts beyond what is laid down in Article 19(2) obviously cannot form any part of Section 79. With these two caveats, we refrain from striking down Section 79(3)(b).

118. The learned Additional Solicitor General informed us that it is a common practice worldwide for intermediaries to have user agreements containing what is stated in Rule 3(2). However, Rule 3(4) needs to be read down in the same manner as Section

79(3)(b). The knowledge spoken of in the said sub-rule must only be through the medium of a court order. Subject to this, the Information Technology (Intermediaries Guidelines) Rules, 2011 are valid.

119. In conclusion, we may summarise what has been held by us above:

(a) Section 66A of the Information Technology Act, 2000 is struck down in its entirety being violative of Article 19(1)(a) and not saved Under Article 19(2);

(b) Section 69A and the Information Technology (Procedure & Safeguards for Blocking for Access of Information by Public) Rules 2009 are constitutionally valid.

(c) Section 79 is valid subject to Section 79(3)(b) being read down to mean that an intermediary upon receiving actual knowledge from a court order or on being notified by the appropriate government or its agency that unlawful acts relatable to Article 19(2) are going to be committed then fails to expeditiously remove or disable access to such material. Similarly, the Information Technology "Intermediary Guidelines" Rules, 2011 are valid subject to Rule 3 Sub-rule (4) being read down in the same manner as indicated in the judgment.

(d) Section 118(d) of the Kerala Police Act is struck down being violative of Article 19(1)(a) and not saved by Article 19(2)."

43. However, this judgement was not in the context of an e-commerce platform but social media platforms like Facebook, where users post their own images and comments etc. The Court further read down Section 79(3)(b). However, the Court laid down the caveat that acts which are beyond article 19(2) of the Constitution of India cannot form part of Section 79 of the IT Act. Section 79(3)(a), in the context of violation of Intellectual

Property Rights was not the subject matter of this case.

44. In the context of Intellectual Property Rights, a Division Bench of this Court had the occasion to deal with liability of intermediaries/ service providers under the IT Act in the case of *MySpace Inc. v. Super Cassettes Industries Ltd.* 236 (2017) DLT 478 (hereinafter, 'MySpace'). The said judgment dealt with uploading of music on myspace.com and a copyright infringement suit brought by Super Cassettes India Ltd. (hereinafter, 'SCIL'). The Division Bench has discussed the scope Section 79 and 81 of the IT Act and Section 51 of the Indian Copyright Act, 1957 (hereinafter, 'Copyright Act'). The Single Judge, had held that MySpace is liable for secondary infringement under Section 51(a)(i) of the Copyright Act and not for direct infringement under Section 51(a)(ii) of the Copyright Act. The appeal, before the Division Bench, thus was restricted to determine whether Myspace was guilty of secondary infringement. The Single Judge had held that general awareness of the service provider is sufficient instead of specific knowledge. The Division Bench, however, restricted the knowledge test.

45. As per the Division Bench in *MySpace (supra)*, knowledge could be actual knowledge and constructive knowledge. Actual knowledge of the infringement was an impossibility, as MySpace did not have information of actual users who were uploading the songs. Thus the only question was whether MySpace had reason to believe i.e., constructive knowledge of the infringement and if yes, then what is the role of MySpace. The Court analysed the international position as under: -

“40. In the USA, DMCA was signed into law in 1998 to give effect to the 1996 Internet treaties and it created a system imposing limitations on the liabilities of internet service providers when found engaging in certain types

of activities. These activities carried the immunity known as “safe harbor”. Such safe harbor provisions apply as long as (i) the intermediary establishes, publicizes and implements a “Notice and Take Down” regime for removing content once a copyright owner sends a notice to the intermediary; (ii) there exists a system for identifying repeat offenders and removing them from the system and (iii) to make provisions for technical protection measures. Similarly in the European Union including United Kingdom, Internet Service Providers are given immunity under the European Copyright Directives (ECD). Here the range of enterprises covered under “ISP” is much larger and includes not just traditional service providers but also include hosting services, e-commerce merchants, social networking sites, cloud computing services, mobile hosts etc. Under the ECD, to maintain immunity, the ISP must not initiate the transmission, select the receiver of the transmission or modify the information contained in the transmission; similarly the intermediary is not liable for cached material as long as the above factors are complied with. Immunity is also subject to the ISP taking down cached content once it receives actual knowledge that the original source of the information has been removed or access to it disabled, or removal or blocking of access has been ordered by a competent court or authority. A hosting defence is also available to service providers which limits liability which may accrue on providing information storage services as long as the service provider does not have actual knowledge of unlawful activity or that upon receiving such knowledge fails to act expeditiously to remove or disable access to such information. Around the globe, similar regimes are prevalent especially in China and Korea.”

46. Thereafter, the Court proceeded to analyse the conduct of MySpace under Section 79 of the IT Act. While balancing the rights of intermediaries

under Section 79 of the IT Act and the rights of copyright owners under Section 51 of the Copyright Act, the Court held as under: -

“47. In this Court’s opinion, Section 79 grants a measured privilege to an intermediary. However, that would not mean that the rights guaranteed under the Copyright Act are in any manner curtailed. All Section 79 does is regulates the liability in respect of intermediaries while the Copyright Act grants and controls rights of a copyright owner. Under the circumstances, it is difficult to conceive how one would pose a barrier in the applicability of the other. The true intent of Section 79 is to ensure that in terms of globally accepted standards of intermediary liabilities and to further digital trade and economy, an intermediary is granted certain protections. Section 79 is neither an enforcement provision nor does it list out any penal consequences for non-compliance. It sets up a scheme where intermediaries have to follow certain minimum standards to avoid liability; it provides for an affirmative defence and not a blanket immunity from liability.

48. At the other end is the Copyright Act which does not specifically mention or define internet intermediaries nor does it lay down any special protection except as provided for under Section 52. Even under Section 51, the infringement contemplated is general in the sense that it does not distinguish between virtual space and actual physical space. Parliament by amending the IT Act intended to create a separate provision and regime for intermediaries. To avoid the consequence of a width and sweep of Section 79, resulting in blanket immunity to intermediaries, Parliament deemed it essential to state that copyright owners could still pursue legal remedies against such intermediaries in specified circumstances. To put it differently, but for the proviso (to Section 81),

copyright owners would have been unable to pursue legal recourse against Internet intermediaries. Under the current regime, while private copyright owners can still demand action against intermediaries who may themselves post infringing content, intermediaries can seek safe harbor where the content is uploaded by third party users or is user generated.

49. Here it is pertinent to mention that while Section 51 of the Copyright Act provides for a system of “notice”, Section 79(3) contemplates “receiving actual knowledge” or through notification by the government or its agency. The scope was widened in Shreya Singhal Vs UOI (2015) 5 SCC 1, where actual knowledge was held to mean a Court order in cases relatable to Article 19 of the Constitution of India. In case of Section 51(a)(ii), the only exception is that MySpace was not aware or had no reasonable grounds to believe that the content was infringing. Section 79(3) perhaps is more mindful of the way the internet functions and supplemented knowledge with the term “actual knowledge”. Given the supplementary nature of the provisions- one where infringement is defined and traditional copyrights are guaranteed and the other where digital economy and newer technologies have been kept in mind, the only logical and harmonious manner to interpret the law would be to read them together. Not doing so would lead to an undesirable situation where intermediaries would be held liable irrespective of their due diligence. By acting as mere facilitators and despite complying with legal norms, intermediaries can attract great liability, for no fault of theirs which in the long run would not only discourage investment, research and development in the Internet sector but also in turn harm the digital economy- an economy which is currently growing at a tremendous pace and without which life could potentially come to a standstill. Surely, such a

consequence was not intended by Parliament, which mindful of techno- legal developments around the world created for safe harbor provisions. Another aspect is the manner how Internet is accessed. If a strict regime is implemented with respect to intermediary liability, such intermediaries could conveniently migrate to a location where data protection laws are not as rigorous and the content would still be accessible. Under such circumstances while the economic loss is one aspect, it would become near impossible to trace intermediaries to take down content.

50. Section 79(3) of the IT Act specifies that when a person has actual knowledge or upon notification by the appropriate government or its authority fails to expeditiously remove or disable access to an unlawful content then the immunity granted under Section 79(1) is revoked. The knowledge contemplated under this section is actual knowledge. In Shreya Singhal (supra), Section 79(3) with Rule 3(4) of the Rules were read down to mean receipt of actual knowledge from a court order or on being notified by the appropriate government. However, this was in respect of restrictions under Article 19(2) of the Constitution of India. The Supreme Court was conscious of the fact that if millions of requests for take down are made, it would become difficult for intermediaries (such as Google) to identify legitimate requests. In the case of copyright laws it is sufficient that MySpace receives specific knowledge of the infringing works in the format provided for in its website from the content owner without the necessity of a court order.”

47. Insofar as due diligence is concerned, the Court analysed the Information Technology (Intermediaries Guidelines) Rules, 2011 (hereinafter, ‘Intermediaries Guidelines’) and held that the intermediary should not knowingly host information which is contrary to the said rules.

The Court concluded as under: -

“56. Furthermore, under Section 79(2)(b) an intermediary should not initiate the transmission, select the receiver of the transmission and select or modify the information. It is reasonably clear that MySpace complies with the first and second sub-clauses; it has a “free for all” platform, which by itself does not initiate the sharing feature. While it has created the “share” option that per se does not mean that it “initiates” an action. Content, which is shared can be both lawful and unlawful and in any case at a prima facie stage, this Court does not discern that MySpace initiates the transmission; the usage of that feature rests purely in the hands of third party users. Similarly it does not choose its audience/ receiver. Anyone with Internet access can open its website and be a receiver/viewer of the data being transmitted. Now, on the third sub-clause of whether MySpace selects or modifies information, this court at a prima facie stage finds that firstly the modification is to the format and not to the content and secondly even the process of modifying the format is an automatic process without either MySpace’s tacit or expressed control or knowledge. In the circumstances this Court concludes that MySpace prima facie complies with the requirements of Section 79(2)(b).

57. The other aspect that needs to be complied with is the “due diligence” clause under Section 79(2)(c). Here once again, the Intermediary Rules are relevant- especially Rule 79(3). MySpace’s website - for purposes of viewing does not require the user subscription to its terms and conditions. However, for the purpose of uploading, sharing, commenting etc. subscription with MySpace is needed and for this purpose an agreement is entered into between the parties. To comply with the due diligence procedure specified in the Rules, MySpace has to publish its rules, regulations, privacy policy and user agreement for

access of usage. These agreements and policies on the appellant's website must comply with Sub Rule 2 of the Rules. MySpace has annexed its user agreements and privacy policies which suggest due compliance with the said rules. It requires its users to comply with its privacy policy and user agreements before they can create their accounts with the appellant in order to modify, add, host, upload, and transmit etc. their data. This however, does not end the list of duties MySpace has to follow. There are several users who may agree to the terms and conditions and still upload infringing content. Under Section 79(3) read with Rule 3(4) of the Rules posit an intermediary on receiving "actual knowledge" or upon obtaining knowledge from the affected person in writing or through email to act within 36 hours of receiving such information disable access to such information. If copyright owners, such as SCIL inform MySpace specifically about infringing works and despite such notice it does not take down the content, then alone is safe harbor denied. However, it is for SCIL to show that despite giving specific information the appellant did not comply with its notice."

48. The Court concluded in para 68 and modified the relief granted to SCIL. Para 68 of *MySpace (supra)* reads as under: -

"68. To summarize the conclusions, it is held as follows

- (a) Sections 79 and 81 of the IT act and Section 51(a)(ii) of the Copyright Act have to be read harmoniously. Accordingly, it is held that proviso to Section 81 does not preclude the affirmative defence of safe harbour for an intermediary in case of copyright actions.*
- (b) Section 51(a)(ii), in the case of internet intermediaries contemplates actual knowledge and not general awareness. Additionally, to impose liability on an intermediary, conditions under Section 79 of the IT Act*

- have to be fulfilled.*
- (c) *In case of Internet intermediaries, interim relief has to be specific and must point to the actual content, which is being infringed.”*

49. Thereafter, another Division Bench of this Court in ***Department of Electronics and Information Technology v. Star India Pvt. Ltd. [R.P. 131/2016 in FAO(OS) 57/2015 decision dated 29th July, 2016]***, while dealing with live telecast of cricket matches observed that those websites which are known to be rogue websites i.e., hosting predominantly infringing content could be blocked completely, rather than URL blocking being resorted to.

50. In ***Kent Systems Ltd. and Ors. v. Amit Kotak and Ors. 2017 (69) PTC 551 (Del) (hereinafter, ‘Kent RO Systems SJ’)***, a learned single Judge of this Court had the occasion to consider the role of eBay in a case of design infringement. The Court noticed that upon receipt of the order by the Court, to block access to the URLs where the infringing products were located, eBay implemented the same and removed the offending products from website. However, the Plaintiff contended that eBay ought to not only devise a mechanism of pulling down any products when it was notified that the goods were counterfeit, but should also screen other content being hosted on its portal for such infringement. In this context, the Court held as under: -

“30. To hold that an intermediary, before posting any information on its computer resources is required to satisfy itself that the same does not infringe the intellectual property rights of any person, would amount to converting the intermediary into a body to determine whether there is any infringement of intellectual property rights or not. All persons claiming

any intellectual property rights will then, intimate the intermediaries of their claims and the intermediaries then, before hosting any material on their computer resources would be required to test the material vis-a-vis all such claims lodged with them, else would be liable for infringement.

31. My reading of the IT Rules aforesaid obliges the intermediary to remove/disable the information hosted on the portal only on receipt of complaint. The IT Rules, according to me do not oblige the intermediary to, of its own, screen all information being hosted on its portal for infringement of the rights of all those persons who have at any point of time complained to the intermediary.”

51. In the context of whether eBay can be directed to devise a programme for detecting infringement and piracy, unless the Plaintiff proves that there is an abetment, aiding or conspiracy, an intermediary cannot be expected to exercise any vigilance. The Court observed that: -

“35. Merely because intermediary has been obliged under the IT Rules to remove the infringing content on receipt of complaint cannot be read as vesting in the intermediary suo moto powers to detect and refuse hosting of infringing contents.”

52. Finally, the Court concluded as under: -

“40. I am further of the view that had the intention of the Legislature been to require the intermediaries as the defendant no.2 eBay herein to be vigilant as the plaintiff reads the IT Act and the Rules to require it to be, the Legislature would have merely observed that the intermediary will not permit to be hosted on its website any information infringing intellectual property rights of any other person if such person had informed the intermediary of the same. However the Legislature has not done so and has required the

intermediaries as the defendant no.2 to only declare to all its users its policy in this regard and advise them not to host any infringing information on the website of the intermediary and to on receipt of complaint remove the same within 36 hours.

41. During the hearing I had also enquired from the counsel for the plaintiffs whether or not the position of an intermediary is the same as the position of an owner of immovable property or of publisher of a newspaper or magazine in physical form and that whether an owner of immovable property can be required to keep vigilance that the person allowed by him to use the property does not while so using infringes the intellectual property rights of any other person or to while allowing advertisements to be published in its newspaper and magazine keep vigilance that the contents of the advertisement do not infringe the intellectual property rights of any person. No provision of law requiring owners of immovable property or publishers of newspapers and magazines to maintain such vigilance was shown.

42. I am of the view that to require an intermediary to do such screening would be an unreasonable interference with the rights of the intermediary to carry on its business.”

53. The decision of the Ld. Single Judge was appealed to the Division Bench of this Court. The Division Bench in ***Kent RO Systems Pvt. Ltd. & Anr v. eBay India Pvt. Ltd. [FAO(OS) (COMM) 95/2017 decision dated 1st May, 2017]*** (hereinafter, ‘*Kent RO Systems v. eBay India*’) partly allowing the appeal against the decision of the Ld. Single Judge in ***Kent RO Systems SJ (supra)***, held as under:

“5. This Court has considered the submissions. The observations made by the learned Single-though ostensibly in the course of a discussion on the

application for a temporary injunction, virtually foreclosed the plaintiffs' right to prove if and how the knowledge threshold required by virtue of Section 79(3)(b) of the Information Technology Act, has been met with. Whilst the defendant eBay has a point in highlighting the distinction between the nature and bundle of rights that a copyright proprietor possesses as opposed to a design registrant and also the nature of web portal involved in MySpace (supra) and the present case, at the same time, the complete preclusion of the plaintiffs' rights to prove that eBay's conduct betrayed its knowledge of infringement should not in our opinion be foreclosed.

6. In view of our observations, this Court is of the opinion that the plaintiffs may proceed to establish in the course of the trial by way of appropriate evidence as to whether and if so how the knowledge threshold mandated by Section 79(3)(b) was satisfied to render eBay liable as alleged by it. Of course, eBay's right to refute the plaintiffs' contentions both in law and on facts are also kept open. The appeal is partly allowed in the above terms. All rights and contentions of the parties are reserved."

Thus, the Court left the question of the knowledge threshold to be determined at trial.

54. A review of the judgements on Section 79 in India shows that intermediaries in general have been given exemption in various fact-situations including in the case of uploading of content by users, copyright infringement and violation of design rights. However, the position that is being considered in the present case i.e., violation of trade mark rights by e-commerce platforms and the extent of protection/exemption that is to be awarded to them as also the conditions under which the same are to be awarded, are yet to be gone into *in extenso*.

Nature of E-commerce websites and the legal position:

55. E-commerce websites are of different kinds. There are several platforms which have transparent privacy policies, takedown policies and IPR policies. They also have a dedicated unit dealing with complaints of IP owners. They also reveal complete details of the sellers who are actually placing their wares for sale on the platform. However, some e-commerce platforms do not have all these features. The sellers' full names are unknown, and the sellers, are on a large number of occasions located in foreign countries. The website does not give the warranty and neither does the seller. There are certain platforms which promote their own affiliate sellers on their own market place. They are however not shown as affiliated companies on their platforms. Some platforms also offer enormous logistic support such as storage facilities, transportation, delivery, guarantees of authenticity and warranties, exchange, after sales service, etc. Some platforms raise invoices in the name of the service provider. Payments are collected by the platforms. There are several online market places which simply provide a platform for the user to upload his/her information for further dissemination. For example, auction websites, where one user uploads the photos of his products, and labels it with a price, and another user simply accepts to purchase it on as is where is basis from the said seller. Such a record of that product could be transmitted through the website and would constitute receipt, storage or transmission. The question is whether in these cases the operators of these platforms can continue to qualify as intermediaries or not.

56. The crucial words in the definition of intermediaries as per Section 2(w) of the IT Act are *`receives, stores, or transmits a particular electronic*

record or provides service with respect to the record'. Online marketplaces are specifically mentioned in the definition of 'intermediaries' in Section 2(w). However, what would be the ambit of a service contemplated in Section 2(w)? Would it include those entities which perform the following tasks: -

- i. Identification of the seller and providing details of the seller;
- ii. Providing transport for the seller to send his product to the platform's warehouse;
- iii. Uploading the entry of the said product;
- iv. Providing quality assurance after reviewing the product;
- v. Providing authenticity guarantees;
- vi. Creation of the listing of the said product;
- vii. Providing reviews or uploading reviews of the product;
- viii. Enrolling members upon payment of membership fees;
- ix. Promoting the product amongst its dedicated database of customers;
- x. Advertising the products on the platform;
- xi. Giving specific discounts to members;
- xii. Providing assistance for placing a booking of the product, including call centre assistance;
- xiii. Accepting an order on a particular payment gateway promoted by the platform;
- xiv. Collecting the payment through users registered for electronic payment modes;

- xv. Packaging the product with its own packing, instead of the original packing of the trade mark owner or changing the packaging in which the original owner's product is sold;
- xvi. Transporting the product to the purchaser;
- xvii. Employing delivery personnel for delivering the product;
- xviii. Accepting cash for sale of the product;
- xix. Transmission of the payment to the seller after retaining commission;
- xx. Promoting its own affiliated companies on the basis of more favourable terms than other sellers;
- xxi. Entering into favourable arrangements with various sellers;
- xxii. Arranging for exchange of the product if there is a customer complaint;
- xxiii. Providing/arranging for service if the product requires the same;
- xxiv. Booking ad-space or ad-words on search engines;
- xxv. Using trade marks through meta-tags or in the source code of the website in order to attract traffic;
- xxvi. Deep-linking to the trade mark owner's website;

57. Can an e-commerce platform or an online market place which performs any or all of the above tasks, continue to constitute an intermediary, and can the above services be construed as “*any service with respect to that record*”?

58. Can the said conduct of the platforms be termed as inactive, passive, or merely technical or automatic processing? Can such platforms be considered as being in a neutral position, or should they be held as having

active participation in the trade? These are the questions that arise in the present case.

59. Further it has to be also seen as to whether the platform is taking adequate measures to ensure that no unlawful acts are committed by the sellers. For this the following issues, *inter alia*, need to be factored:

- i. The terms of the agreements entered into between the sellers and the platform;
- ii. The manner in which the terms are being enforced;
- iii. The consequences of violation of the terms;
- iv. Whether adequate measures are in place to ensure that rights in trademarks are protected;
- v. Whether the platforms have knowledge of the unlawful acts of the seller;

60. Darveys.com does not disclose the details of the foreign sellers or where they purchase the products from. The sellers are not subject to the jurisdiction of this court. It is only a claim that the products are genuine. It has a membership fee for its customers. The policy which is available on Darveys.com shows that if the products turn out to be counterfeit, Darveys.com will return twice the money. Is Darveys.com an intermediary and is the Darveys.com platform entitled to exemption under Section 79 of the Act?

61. The policies which are discussed above shows that Darveys.com exercises complete control over the products. Darveys.com is in fact identifying the sellers, enabling the sellers actively, promoting them and selling the products in India. The role of Darveys.com is much more than that of an intermediary.

62. While the so-called safe harbour provisions for intermediaries are meant for promoting genuine businesses which are inactive intermediaries, and not to harass intermediaries in any way, the obligation to observe due diligence, coupled with the intermediary guidelines which provides specifically that such due diligence also requires that the information which is hosted does not violate IP rights, shows that e-commerce platforms which actively conspire, abet or aide, or induce commission of unlawful acts on their website cannot go scot free.

63. The elements summarised above would be key to determining whether an online marketplace or an e-commerce website is *conspiring, abetting, aiding or inducing* and is thereby contributing to the sale of counterfeit products on its platform. When an e-commerce website is involved in or conducts its business in such a manner, which would see the presence of a large number of elements enumerated above, it could be said to cross the line from being an intermediary to an active participant. In such a case, the platform or online marketplace could be liable for infringement in view of its active participation. Needless to add, e-commerce websites and online marketplaces ought to operate with caution if they wish to enjoy the immunity provided to intermediaries. The question, however, would have to be determined after reviewing the practices of various websites under the facts and circumstances of a particular case.

64. So long as they are mere conduits or passive transmitters of the records or of the information, they continue to be intermediaries, but merely calling themselves as intermediaries does not qualify all e-commerce platforms or online market places as one.

65. Section 79 of the IT Act under which exemption is claimed, by

Darveys.com reads as under:

“Section 79: Exemption from liability of intermediary in certain cases

(1) Notwithstanding anything contained in any law for the time being in force but subject to the provisions of sub-sections (2) and (3), an intermediary shall not be liable for any third party information, data, or communication link made available or hosted by him.

(2) The provisions of sub-section (1) shall apply if –

(a) the function of the intermediary is limited to providing access to a communication system over which information made available by third parties is transmitted or temporarily stored or hosted; or

(b) the intermediary does not –

(i) initiate the transmission,

(ii) select the receiver of the transmission, and

(iii) select or modify the information contained in the transmission;

(c) the intermediary observes due diligence while discharging his duties under this Act and also observes such other guidelines as the Central Government may prescribe in this behalf.

(3) The provisions of sub-section (1) shall not apply if

–

(a) the intermediary has conspired or abetted or aided or induced, whether by threats or promise or otherwise, in the commission of the unlawful act;

(b) upon receiving actual knowledge or on being notified by the appropriate Government or its agency that any information, data or communication link residing in or connected to a computer resource, controlled by the intermediary is being used to commit the unlawful act, the intermediary fails to expeditiously remove or disable access to that material on that resource without vitiating the evidence in any manner.

Explanation – For the purpose of this section, the expression “third party information” means any

information dealt with by an intermediary in his capacity as an intermediary.”

66. An analysis of the said Section shows that an intermediary is not liable for third party information, data, links hosted on the platforms. However, Section 79(2) and 79(3), qualify the manner in which the said protection is granted to intermediary. The protection is not absolute. Under Section 79(2)(b) the intermediary should not

- initiate the transmission,
- select the receiver of the transmission and
- select or modify the information contained in the transmission.

67. If any of the above is done by the intermediary, it may lose the exemption to which it is entitled. It extends under the circumstances contained in the provision itself which are:

- a) Under 79(2)(a), if mere access is provided through the communication system to the third party or if there is temporary storage or hosting of the information;
- b) Under 79(2)(b)(i), if the platform is not responsible for initiating the transmission, i.e., placing the listing on the website;
- c) Under 79(2)(b)(ii), if the platform is not involved in selecting the persons who receive the information;
- d) Under 79(2)(b)(iii), if the platform does not have the power to select or modify the information;
- e) Under 79(2)(c), the platform has the obligation to observe over-arching due diligence.

68. Section 79(1) is also qualified by sub-Section 79(3). The exemption under Section 79(1) would not apply if a platform is an active participant or is contributing in the commission of the unlawful act. The words *conspired, abetted, aided or induced* have to be tested on the basis of the manner in which the business of the platform is conducted and not on a mere claim by the platform. Section 79(3) has two dimensions i.e., Section 79(3)(a) and Section 79(3)(b). The latter relates to having a policy to take down information or data or link upon receiving information. However, the former is an integral part of the exemption granted under Section 79(1). Section 79(3)(a) limits the exemption only to those intermediaries i.e. platforms and online market places who do not aid or abet or induce the unlawful act. Any active contribution by the platform or online market place completely removes the ring of protection or exemption which exists for intermediaries under Section 79.

69. Reference also needs to be made to the relevant provision of the Information Technology (Intermediaries Guidelines) Rule, 2011 which provide as under:

“3. Due diligence to be observed by the intermediary.-

The intermediary shall observe following due diligence which discharging his duties, namely:-

(1) The intermediary shall publish the rules and regulations, privacy policy and user agreement for access or usage of the intermediary’s computer resource by any person.

(2) Such rules and regulations, terms and conditions or user agreement shall inform the users of the computer resource not to host, display, upload, modify, publish, transmit, update or share any information that –

(a) belongs to another person and to which the user does not have any right to;

(b) is grossly harmful, harassing, blasphemous, defamatory, obscene, pornographic, paedophilic, libellous, invasive of another's privacy, hateful, or racially, ethnically objectionable, disparaging, relating or encouraging money laundering or gambling, or otherwise unlawful in any manner whatever;

(c) harm minors in any way;

(d) infringes any patent, trademark, copyright or other proprietary rights;

(e) violates any law for the time being in force;

(f) deceives or misleads the addressee about the origin of such messages or communicates any information which is grossly offensive or menacing in nature;

(g) impersonate another person;

(h) contains software viruses or any other computer code, files or programs designed to interrupt, destroy or limit the functionality of any computer resource;

(i) threatens the unity, integrity, defence, security, sovereignty of India, friendly relations with foreign states, or public order or causes incitement to the commission of any cognisable offence or prevents investigation of any offence or is insulting any other nature.

(3) The intermediary shall not knowingly host or publish any information or shall not initiate the transmission, select the receiver of transmission, and select or modify the information contained in the transmission as specified in sub-rule(2):

Provided that the following actions by an intermediary shall not amount to hosting, publishing, editing or storing of any such information as specified in sub-rule(2) –

(a) temporary or transient or intermediate storage of information automatically within the computer resource as an intrinsic feature of such computer

resource, involving no exercise of any human editorial control, for onward transmission or communication to another computer resource;

(b) removal of access to any information, data or communication link by an intermediary after such information, data or communication link comes to the actual knowledge of a person authorised by the intermediary pursuant to any order or direction as per the provisions of the Act;

(4) The intermediary, on whose computer system the information is stored or hosted or published, upon obtaining knowledge by itself or been brought to the actual knowledge by an affected person in writing or through email signed with electronic signature about any such information as mentioned in sub-rule (2) above shall act within thirty six hours and where applicable, work with user or owner of such information to disable such information that is in contravention of sub-rule (2). Further the intermediary shall preserve such information and associated records for at least ninety days for investigation purposes.

(5) The intermediary shall inform its users that in case of non-compliance with rules and regulations, user agreement and privacy policy for access or usage of intermediary computer resource, the Intermediary has the right to immediately terminate the access or usage rights of the users to the computer resource of Intermediary and remove non-compliant information.

(6) The intermediary shall strictly follow the provisions of the Act or any other laws for the time being in force.

(7) When required by lawful order, the intermediary shall provide information or any such assistance to Government Agencies who are lawfully authorised for investigative, protective, cyber security activity. The information or any such assistance shall be provided for the purpose of verification of identity, or for prevention, detection, investigation, prosecution, cyber security incidents and punishment of offences under

any law for the time being in force, on a request in writing stating clearly the purpose of seeking such information or any such assistance.

(8) The intermediary shall take all reasonable measures to secure its computer resource and information contained therein following the reasonable security practices and procedures as prescribed in the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Information) Rules, 2011.

(9) The intermediary shall report cyber security incidents and also share cyber security incidents related information with the Indian Computer Emergency Response Team

(10) The intermediary shall not knowingly deploy or install or modify the technical configuration of computer resource or become party to any such act which may change or has the potential to change the normal course of operation of the computer resource than what it is supposed to perform thereby circumventing any law for the time being in force.

Provided that the intermediary may develop, produce, distribute or employ technological means for the sole purpose of performing the acts of securing the computer resource and information contained therein.

(11) The intermediary shall publish on its website the name of the Grievance Officer and his contact details as well as mechanism by which users or any victim who suffers as a result of access of usage of computer resource by any person in violation of rule 3 can notify their complaints against such access or usage of computer resource of the intermediary or other matters pertaining to the computer resources made available by it. The Grievance Officer shall redress the complaints within one month from the date of receipt of the complaint.”

70. A perusal of the guidelines shows that they are framed under Section

79 of the IT Act. The `due diligence' provided in the Act, has to be construed as being broad and not restricted merely to the guidelines themselves. The intermediaries are obliged to have agreements that the sellers shall not host, display or upload products that violate any trade mark rights, copyrights or patent rights or any other proprietary rights. The guidelines are what they claim to be i.e., mere GUIDELINES. The Guidelines have been issued under the Rule-making power of the Central Government under Section 87(2)(zg) of the IT Act, which reads as under:

“87. Power of the Central Government to make rules.-

(1).....

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-

(a).....(zf).....

(zg) the guidelines to be observed by the intermediaries under sub-section (2) of Section 79.

(zh).....

(3).....”

71. They do not and cannot substitute themselves either for the provision in the IT Act i.e., Section 79 or nullify provisions in other applicable laws. These guidelines are framed under Section 79(2) and would not negate the stipulations in Section 79(3)(a). The guidelines would not offer protection to any `intermediary' that have `conspired', `abetted' or `aided' or `induced the commission' of an unlawful act. It cannot be argued that anyone who complies with the guidelines is automatically not conspiring, abetting, aiding or inducing commission of an unlawful act. Following the guidelines may in certain cases satisfy that the online market place is behaving as an

intermediary but the same is not conclusive. What is lawful or unlawful depends on the specific statute being invoked and the Guidelines cannot be considered as being exhaustive in their manner of application to all statutes.

72. The factors enumerated above are in-line with the test which applies for determining whether there is 'use' of a mark under Section 2(2)(c) of the Trademarks Act, 1999, or 'falsification of a mark' or 'false application of a mark' under Sections 101 and 102 of the TM Act, 1999. The statute is very broad in construing use, falsification and false application. While use for goods is broad and would include *any physical or in any other relation whatsoever to goods*, even use in respect of services is quite broad i.e. it includes the *provision, performance or making availability of services*. Would services provided in respect of sale of counterfeit goods constitute use of a mark? The answer to this question depends on Section 2(w) of the IT Act. In the context of an intermediary, it could provide any service and enjoy exemption only if the constituents of Section 79 of the IT Act are satisfied.

73. In order to decide whether there is abetment, aid or inducing or authorizing communication of an unlawful act, Sections 101 and 102 of the TM Act would also be of relevance. These Sections reads as under:

101. Meaning of applying trade marks and trade descriptions.— (1) *A person shall be deemed to apply a trade mark or mark or trade description to goods or services who —*

(a) applies it to the goods themselves or uses it in relation to services; or

(b) applies it to any package in or with which the goods are sold, or exposed for sale, or had in possession for sale or for any purpose of trade or manufacture, or

(c) places, encloses or annexes any goods which are sold, or exposed for sale, or had in possession for sale or for any purpose of trade or manufacture, in or with any package or other thing to which a trade mark or mark or trade description has been applied; or

(d) uses a trade mark or mark or trade description in any manner reasonably likely to lead to the belief that the goods or services in connection with which it is used are designated or described by that trade mark or mark or trade description; or

(e) in relation to the goods or services uses a trade mark or trade description in any sign, advertisement, invoice, catalogue, business letter, business paper, price list or other commercial document and goods are delivered or services are rendered to a person in pursuance of a request or order made by reference to the trade mark or trade description as so used.

(2) A trade mark or mark or trade description shall be deemed to be applied to goods whether it is woven in, impressed on, or otherwise worked into, or annexed or affixed to, the goods or to any package or other thing.

102. Falsifying and falsely applying trade marks.—

(1) A person shall be deemed to falsify a trade mark who, either,—

(a) without the assent of the proprietor of the trade mark makes that trade mark or a deceptively similar mark; or

(b) falsifies any genuine trade mark, whether by alteration, addition, effacement or otherwise.

(2) A person shall be deemed to falsely apply to goods or services a trade mark who, without the assent of the proprietor of the trade mark,—

(a) applies such trade mark or a deceptively similar mark to goods or services or any package containing goods;

(b) uses any package bearing a mark which is identical with or deceptively similar to the trade mark of such

proprietor, for the purpose of packing, filling or wrapping therein any goods other than the genuine goods of the proprietor of the trade mark.

(3) Any trade mark falsified as mentioned in subsection (1) or falsely applied as mentioned in subsection (2), is in this Act referred to as a false trade mark.

(4) In any prosecution for falsifying a trade mark or falsely applying a trade mark to goods or services, the burden of proving the assent of the proprietor shall lie on the accused.”

74. From a reading of Section 101 and Section 102 of the TM Act, it is clear that applying a trademark or falsifying a trademark or falsely applying a trademark could include any of the following acts:

- i) applying to the goods themselves;
- ii) use in relation to service;
- iii) applying to any package in or with which the goods are sold or exposed for sale;
- iv) if it had possession for sale or for any purpose of manufacture or trade, places the goods which are sold or exposed for sale in any package or with any package or any other thing to which the trademark has been applied;
- v) encloses or annexes the goods which are sold or exposed for sale in or with any package to which the trademark has been applied;
- vi) Uses a mark, to lead to a belief that the said goods or services with which the mark used are describe that trademark i.e. for example, using the Christian Louboutin mark in a manner so as to result in the user believing that the goods on which the marks are used actually are genuine Christian Louboutin products;

- vii) use of a mark in any sign, advertisement, invoice, catalogue, business letter, business papers, price list or other commercial documents resulting in the goods being delivered or services being offered with reference to the mark;
- viii) even if the trademark is annexed or affixed to the goods or to any package or other thing accompanying the goods or the mark is either woven or imprinted, it would constitute applying the mark;
- ix) if any application of the mark is done without the consent of the proprietor that amounts to falsification. Even if a mark is altered or effaced, it would constitute falsification;
- x) any person who uses any material bearing the mark for the purpose of packaging, filling or wrapping any goods other than genuine goods would be falsifying the mark;
- xi) all references to the mark in the above provisions include identical and deceptively similar marks. The use could be of marks either for goods or for services.

75. Under Section 81 of the IT Act, the said Act is stipulated to have overriding effect. The provision reads as under:

*“Section 81 – Act to have overriding effect. – The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.
Provided that nothing contained in this Act shall restrict any person from exercising any right conferred under the Copyright Act 1957 or the Patents Act 1970.”*

76. The overriding nature of the IT Act has application only if the provisions of the Trade Mark Act are inconsistent with the provisions of the

IT Act. The Intermediary Guidelines 2011 themselves require compliance with the TM Act by the persons to host, display or upload the products or services. The provisions of Section 29, Section 101 and Section 102 of the TM Act, are being looked at in order to interpret as to what constitutes ‘conspiring, abetting, aiding or inducing’ the commission of an unlawful act, in the context of trade mark rights. The provisions of the TM Act are not in any manner inconsistent with the provisions of the IT Act. Hence Section 81 of the IT Act does not grant any immunity to intermediaries who may be in violation of the provisions of the TM Act. While, use of a mark for any of the purposes elaborated above, in respect of genuine goods of the owner would not be infringement, the performance of any service as elaborated above, in respect of counterfeit goods or goods which are not genuine, could constitute infringement.

77. Thus, for illustration purpose, any online market place or e-commerce website, which allows storing of counterfeit goods, would be falsifying the mark. Any service provider, who uses the mark in an invoice thereby giving the impression that the counterfeit product is a genuine product, is also falsifying the mark. Displaying advertisements of the mark on the website so as to promote counterfeit products would constitute falsification. Enclosing a counterfeit product with its own packaging and selling the same or offering for sale would also amount to falsification. All these acts would aid the infringement or falsification and would therefore bring the e-commerce platform or online market place outside the exemption provided under Section 79 of the IT Act.

78. Thus, the various factors that are enumerated in the paragraphs above and the absence/presence of the said factors would hold the key to

determining whether an e-commerce website is actually an intermediary or not. When an e-commerce company claims exemption under Section 79 of the IT Act, it ought to ensure that it does not have an active participation in the selling process. The presence of any elements which shows active participation could deprive intermediaries of the exemption.

79. In the world of e-commerce, IP owners face challenging times. This is because sellers of counterfeit or infringing products seek shelter behind the platform's legitimacy, like in the case of Darveys.com. Darveys.com is involved in the promotion and sale of luxury products. The seller is located on a foreign shore. It is not even clear as to whether the seller is in fact selling a genuine product. As stated above, Darveys.com promotes the products to its members who sign up on Darveys.com. Without becoming a member, one cannot effect a purchase on Darveys.com. In such cases giving exemptions of Section 79 would in fact amount to legalizing the infringing activity. The seller is not known, the person from whom the seller purchases the goods is not known. It is also not known if the product is genuine, though Darveys.com represents to be same to be genuine. In view of these factors, Darveys.com cannot be termed as an intermediary that is entitled to protection under Section 79 of the IT Act. The use of the mark, Christian Louboutin, the name, the photograph of the founder, without the permission of the Plaintiff, and without ensuring that the products which are sold are in fact genuine, would constitute violation of Plaintiff's rights. The Defendant has relied on a judgement of a Ld. Single Judge in *Christian Louboutin v. Abubacker 250 (2018) DLT 475* the court was considering protection for the red sole trademark. In the said judgement the court held that the red sole mark is not distinctive as there can be no monopoly on the colour red. The

present suit does not relate to the red sole mark in isolation but the use of the plaintiffs marks, name of its name of its founder, use of the words constituting the mark in various ways including on the website, images, packaging material, invoice etc. by the Defendant which is an e-commerce platform. Thus the said judgement does not help the Defendant in the present case.

80. Meta-tagging: The plaintiff has relied upon a judgement in respect of meta-tags. A single judge of the Delhi High Court has held that use of meta-tags is illegal as it enables the Defendant to ride on the reputation of the Plaintiff. Meta tags are links which are provided using keywords. If a trade name is used as a keyword and a link is provided, the website comes up whenever a customer searches for the said trade mark. The trade mark used in the code as a keyword is invisible to the end-user or customer. Such use, though invisible to the customer, has been held to be illegal in the case of ***Kapil Wadhwa Vs. Samsung Electronics Co. Ltd. 194 (2012) DLT 23***. The Plaintiff claims that when a web user enters the Plaintiff's mark in a search engine such as Google, Darveys.com website is amongst the search results and an analysis of the code shows that the marks of the Plaintiff are used as meta-keyword-tags, with a view to increasing the hits which the Defendant's website obtains from search engines like Google.

81. The trademark owner loses its huge customer base especially in the case of luxury products. If the products turn out to be counterfeit or not up to the mark, then it is the trademark owner's brand equity which is diluted. The seller himself does not suffer. Such immunity is beyond what is contemplated to intermediaries under Section 79 of the IT Act. While Section 79 of the IT Act is to protect genuine intermediaries, it cannot be

abused by extending such protection to those persons who are not intermediaries and are active participants in the unlawful act. Moreover, if the sellers themselves are located on foreign shores and the trade mark owner cannot exercise any remedy against the said seller who is selling counterfeits on the e-commerce platform, then the trade mark owner cannot be left remediless.

82. The suit is thus decreed in the following terms:

- i. Darveys.com is directed with immediate effect, to disclose the complete details of all its sellers, their addresses and contact details on its website;
- ii. Darveys.com shall obtain a certificate from its sellers that the goods are genuine;
- iii. If the sellers are not located in India, prior to uploading a product bearing the Plaintiff's marks, it shall notify the plaintiff and obtain concurrence before offering the said products for sale on its platform;
- iv. If the sellers are located in India, it shall enter into a proper agreement, under which it shall obtain guarantee as to authenticity and genuinity of the products as also provide for consequences of violation of the same;
- v. Upon being notified by the Plaintiff of any counterfeit product being sold on its platform, it shall notify the seller and if the seller is unable to provide any evidence that the product is genuine, it shall take down the said listing and notify the plaintiff of the same, as per the Intermediary Guidelines 2011;
- vi. It shall also seek a guarantee from the sellers that the product has

not be impaired in any manner and that all the warranties and guarantees of the Plaintiff are applicable and shall be honoured by the Seller. Products of any sellers who are unable to provide such a guarantee would not be, shall not be offered on the Defendant's platform.

- vii. All meta-tags consisting of the Plaintiff's marks shall be removed with immediate effect;
 - viii. It is submitted on behalf of Darveys.com that no product of the Plaintiff was in fact sold on its platform, though the website did advertise and promote the products using the Plaintiff's brand. Thus, no order for damages/rendition of accounts or costs is passed.
83. Decree sheet be drawn. Suit and all pending I.As are disposed of.

NOVEMBER 02, 2018
dk/Rekha/Rahul

PRATHIBA M. SINGH, J.
JUDGE

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