



\$~

* IN THE HIGH COURT OF DELHI AT NEW DELHI

*Reserved on: 13 March 2023**Pronounced on: 3 January 2024*

+ CS(COMM) 607/2021

PUMA SE Plaintiff

Through: Mr. Ranjan Narula and Ms.
Shivangi Kohli, Advs.



versus

INDIAMART INTERMESH LTD Defendant





Through: Mr. Rajshekhar Rao, Sr. Adv.
with Mr. Pulkit Gupta and Ms. Rhea Dube,
Ms. Zeya Junaid, Advs.**CORAM:****HON'BLE MR. JUSTICE C.HARI SHANKAR****J U D G M E N T**

%



03.01.2024**I.A. 15564/2021(under Order XXXIX Rules 1 and 2 of the CPC)****The Dispute****The plaintiff's grievance**

1. Puma SE, the plaintiff, is one of the world's leading manufacturers of sportswear and accessories. It uses the distinctive  and  logos, which are its source identifiers. "PUMA" as a word mark is registered in the name of the plaintiff in Classes 18 and



25 with effect from 15 February 1977; the device mark  is registered in Classes 3, 9, 14, 16, 18, 24, 25, 28 and 41, the earliest registration being of 8 November 1983 in Class 28, and the  device mark is registered in the name of the plaintiff in Class 25 with effect from 11 July 1983. All registrations are valid and subsisting. The sales figures, from sales of goods bearing the  and  marks are testimony to their enduring goodwill and reputation, with sales during the year 2019 alone having fetched over ₹ 1400 crores. The plaintiff has spent, in the said year alone, over ₹ 64 crores towards advertisement and promotion of its brands. The plaintiff's trademark PUMA has been declared as a well-known trademark by the Trade Marks Registry on 24 February 2020.

2. The defendant IndiaMART IndiaMESH Ltd (“IIL” hereinafter) operates the website www.indiamart.com. Merchandise of various manufacturers are purchasable from the said website. The website allows a consumer to enter a search option in the space provided for the purpose.

3. The plaintiff's grievance, as articulated by Mr. Ranjan Narula, learned Counsel, is that, if one enters, in the said space, the search word “PUMA”, various counterfeit goods, bearing fake “Puma” marks, put up by third-party sellers, are displayed for purchase. These goods also bear the plaintiff's registered trademarks  and . The following screenshots, bearing this out, have been provided in the plaint:



The screenshot shows a search results page on Indiamart for 'puma shoes'. The page features a navigation bar with 'All India' and a search bar containing 'puma shoes'. Below the navigation bar, there are three product listings, each with a 'Contact Supplier' button. The first listing is for 'Men Running Shoes Puma_Rsx Ferna. Size: 7 8 9 10' priced at ₹3,300/Pair, with contact number 08046069100. The second listing is for 'Menstyle Sports Gents Puma Shoes. Size: 6x11 Size Available' priced at ₹975/ pair, with contact number 08046027634. The third listing is for 'Puma Shoes' priced at ₹750/ pair, with contact number 08065441075. A sidebar on the left lists 'Related Brands' and 'Related Category'.

The screenshot shows the product detail page for 'Puma Speeder Waking Shoes' on Indiamart. The product is priced at ₹800/Pair. The page includes a large image of the shoe, a list of specifications, and a 'Contact Seller' button. The specifications are as follows:

Occasion	Casual
Size	7, 8, 9, 10, 11
Type	Walking
Sole	Eva
Material	Canvas
Brand	Puma

The page also features a 'Shopping Mart' section with a 3.5-star rating and a 'Contact Seller' button. A 'Get Latest Price' button is visible at the bottom of the product details.



4way Multicolor Puma T Shirt, Size: M to xxl, Age Group: 18 To 55

₹ 190/ Piece [Get Latest Price](#)

Product	Puma dry fit tshirts
Type	
Brand	Puma
Color	Multi
Age Group	18 to 55
Size	M to xxl
Fabric	4way

Shabri Unique Apparels Enterprises
South Delhi, New Delhi
4.3 5 ★★★★★ (6)
Call 08048782889
40% Response Rate
Verified Supplier Manufacturer
[Contact Seller](#)

Fill the quantity to get latest price!

Quantity Piece

puma watches in delhi near Delhi

Location: Enter city | Near me | All India | **Delhi** | Gurgaon | Ahmedabad | Surat | Thane | Mumbai | Pune

Results With
 Show suppliers from Delhi only

Related Category
Men Wrist Watches
Gents Leather Watch
Men Analog Watches
Men Fashion Watches
Fashion Wrist Watches

Related Brands
Titan Watches
Casio Watches
Omega Watches
Citizen Watches
Seiko Watches

Puma golden men Watches, For Formal, Model Name/Number...

₹350/ Box
Farchage India
Call 08048371747 Ext 296
[Contact Supplier](#)

Watch
[Ask Price](#)
New Communication Technology
Locknow
Call 08048372071 Ext 685
[Contact Supplier](#)

Puma Round Gents Designer Watch For Formal
[Ask Price](#)
Mantra Enterprises
Near Indranagar, Surat
Call 08068979862 Ext 206
[Contact Supplier](#)



Results With
 Show suppliers from Delhi only

Related Brands
Puma Socks
Jockey Sports Socks
Adidas Socks
Nike Men Socks
Jockey Men Socks

Related Category
Socks
Cuff Socks
Anti Slip Socks
Toe Socks
Acrylic Socks
Ankle Socks
Quarter Socks
+ 16 more
Sports Socks

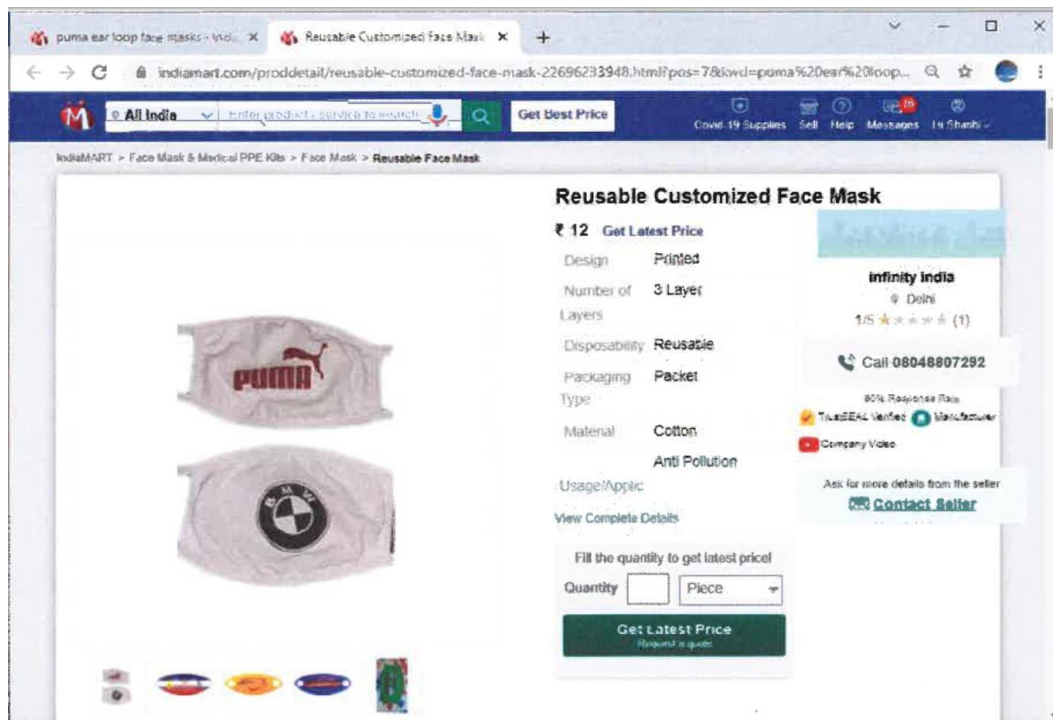
Product	Price	Supplier	Contact
Black, Grey and white Unisex Pouch Non Terry Free Size Socks	₹32/ Pair	Pritya Hosieriy New Delhi	Call 08048372400 Ext 846
Puma Socks	Ask Price	Shri Laxmi Narayan Hosieriy Fazalpur, New Delhi	Call 08048371788 Ext 322
Puma Socks	Ask Price	MJS Sports Wears Rohini, Delhi	Call 08066085913 Ext 404

Results With
 Show suppliers from Delhi only

Related Brands
Puma Cap
Adidas Cap

Related Category
Fashion Caps
Beanie
Printed Caps
Beret Caps
Brushed Cotton Cap
Visor Cap
Net Cap
Skull Caps

Product	Price	Supplier	Contact
Plain Polyester Puma Cap Blue, Size. Free	₹375/ Piece	Kuora Enterprises Sector 17, New Delhi	Call 07971337484
Puma Men Beanie Cap	₹22/ Piece	Kiran Exports Deas in Delhi	Call 08046036458
Puma Cap	Ask Price	AS Caps Works Mumbai	Call 08068970145 Ext 441

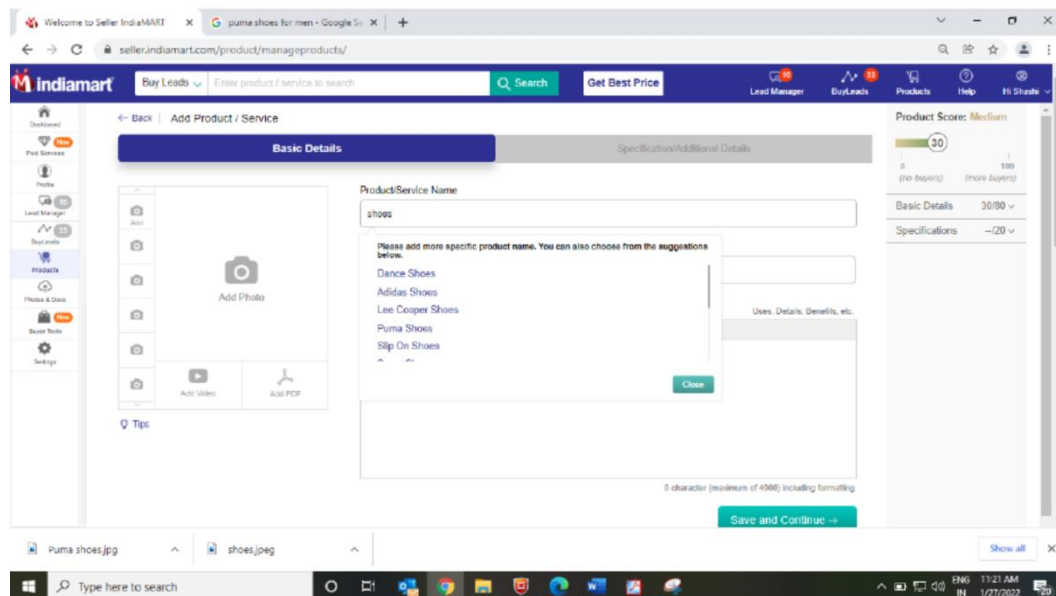


4. The dispute is in a narrow compass. Mr. Narula submits that most of the goods which are put up by various sellers as genuine PUMA sportswear or allied products are in fact counterfeits. IIL's Indiamart e-commerce website is, therefore, being used to peddle counterfeit goods of the plaintiff. The use of the plaintiff's registered trademarks on such counterfeit goods, he submits, amounts to infringement within the meaning of Section 29 of the Trade Marks Act, 1999. By using the said marks, the goods on which they are used, and which are sold on the Indiamart e-commerce platform are also, therefore, being passed off as genuine goods of the plaintiff.

5. The plaintiff's grievance against IIL – which is the sole defendant in the suit – is that IIL is aiding, abetting and facilitating such infringement and passing off. It is an admitted position that, if a



seller – let us call him Mr. X - wants to sell his merchandise through the Indiamart e-commerce platform, he has to register on the www.indiamart.com website. For this, Mr. X has to provide, first, his contact mobile number. Once this is provided, a One Time Password (OTP) is sent to the said mobile number. Mr. X has to enter the OTP in the space provided and to click the “Register” link. Registration is free. Once the link is clicked, Mr. X has to provide his name, company name and contact details including address and mobile numbers. Thereafter, he has to provide his GST/PAN number and photographs of the products that he desires to sell through the Indiamart portal. Once this is entered, Mr. X is redirected to another Indiamart webpage, which is the proverbial thorn in the plaintiff’s flesh. On this webpage, Mr. X has to provide the nature of the products that he desires to sell and a choice of the brand name under which the product would be sold, from various brand names which are made available in a drop down menu. A screenshot of one such webpage is thus provided by the plaintiff:





Thus, among the options provided by the drop down menu is an option by which Mr. X can represent himself as a dealer of “Puma Shoes”. If Mr. X chooses this option from the drop down menu, he is registered with the Indiamart portal as selling PUMA shoes and, if a purchaser, later, enters “PUMA” or “PUMA shoes” as the product that he wishes to purchase, the “PUMA” shoes sold by Mr. X are among the displayed available choices.

6. Which, submits Mr. Narula, would have been perfectly fine, except that Mr. X’s shoes are counterfeits.

7. IIL, alleges Mr. Narula, does no prior verification before accepting a seller, registered on its website, as peddling the goods of a particular reputed brand. The result is that IIL’s Indiamart platform is used as a means to peddle counterfeit goods, in the bargain defrauding customers, infringing the plaintiff’s registered trademarks and passing off the counterfeit goods as the goods of the plaintiff. By not conducting any verification of the seller’s credentials, and by providing “Puma shoes” as a drop down option which the seller can choose while registering himself as a dealer in a particular product or product range, it is alleged that IIL is facilitating infringement and passing off by sale of counterfeit products. This, he alleges, amounts to aiding and abetting infringement and passing off. Additionally, by failing to observe due diligence while registering the seller as a dealer of goods bearing a particular brand, Indiamart, it is alleged, is also in



breach of Rule 3(1)(b)(iv)¹ of the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (“the IT Rules”).

8. Mr. Narula acknowledges that, whenever the plaintiff has come across such infringing product listings and has informed Indiamart accordingly, Indiamart has immediately taken down said listings. However, he submits that, owing to the facility, available on Indiamart’s webpage, to put up counterfeit products by representing them to be genuine, with no verification at Indiamart’s end, fresh counterfeit listings spring up almost immediately.

9. Indiamart, submits Mr. Narula, collects payment against the merchandise ordered by buyers and is, therefore, directly involved in the infringing activities. It is not, therefore, akin to a simple directory which lists services, but is a key player in arranging sale of products. The actual seller leaves no footprint except his mobile number. Mr. Narula points out that the screen which requires the seller, at the time of registering, to provide his GST/PAN number, also has an option “I don’t have it”, thereby indicating that providing of the GST or PAN number is also not mandatory. In these circumstances, Mr. Narula

¹ 3. (1) **Due diligence by an intermediary:** An intermediary, including a social media intermediary, a significant social media intermediary and an online gaming intermediary for, shall observe the following due diligence while discharging its duties, namely:—

(b) the intermediary shall inform its rules and regulations, privacy policy and user agreement to the user in English or any language specified in the Eighth Schedule to the Constitution in the language of his choice and shall make reasonable efforts 1 [by itself, and to cause the users of its computer resource to not host], display, upload, modify, publish, transmit, store, update or share any information that,—

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



submits that IIL cannot seek to get away by claiming that it merely created an algorithm, and was not responsible for the manner in which the algorithm operates.

10. Mr. Narula submits that, in these circumstances, IIL cannot claim “safe harbour” under Section 79² of the Information Technology Act, 2000 (“the IT Act”).

11. Rather, submits Mr. Narula, the facts of the case directly attract Section 2(2)(b) and (c)(ii)³ and sub-sections (1), (2), (4)(c), (6), (7) and (8)⁴ of Section 29 of the Trade Marks Act.

² **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 purposes of this section, the expression “third party information” means any information dealt with by an intermediary in his capacity as an intermediary.

³ (2) In this Act, unless the context otherwise requires, any reference—

(b) to the use of a mark shall be construed as a reference to the use of printed or other visual representation of the mark;

(c) to the use of a mark,—

(ii) in relation to services, shall be construed as a reference to the use of the mark as or as part of any statement about the availability, provision or performance of such services;

⁴ **29. Infringement of registered trade marks. –**



12. In support of his submissions, Mr. Narula places reliance on the judgment of a Division Bench of this Court in *Kapil Wadhwa v. Samsung Electronics Co. Ltd*⁵ and of this Bench in *Snapdeal Pvt Ltd v. Godaddycom LLC*⁶, as well as paras 77 to 79, 81 and 115 of *DRS*

-
- (1) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark.
- (2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of—
- its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or
 - its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark; or
 - its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark,
- is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.
- (3) In any case falling under clause (c) of sub-section (2), the court shall presume that it is likely to cause confusion on the part of the public.
- (4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which—
- is identical with or similar to the registered trade mark; and
 - is used in relation to goods or services which are not similar to those for which the trade mark is registered; and
 - the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.
- (5) A registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern dealing in goods or services in respect of which the trade mark is registered.
- (6) For the purposes of this section, a person uses a registered mark, if, in particular, he—
- affixes it to goods or the packaging thereof;
 - offers or exposes goods for sale, puts them on the market, or stocks them for those purposes under the registered trade mark, or offers or supplies services under the registered trade mark;
 - imports or exports goods under the mark; or
 - uses the registered trade mark on business papers or in advertising.
- (7) A registered trade mark is infringed by a person who applies such registered trade mark to a material intended to be used for labelling or packaging goods, as a business paper, or for advertising goods or services, provided such person, when he applied the mark, knew or had reason to believe that the application of the mark was not duly authorised by the proprietor or a licensee.
- (8) A registered trade mark is infringed by any advertising of that trade mark if such advertising—
- takes unfair advantage of and is contrary to honest practices in industrial or commercial matters; or
 - is detrimental to its distinctive character; or
 - is against the reputation of the trade mark.

⁵ (2012) 194 DLT 23 (DB)

⁶ 2022 SCC OnLine Del 1092





*Logistics Pvt Ltd v. Google India Pvt Ltd*⁷ and paras 25, 26, 31, 32, 34, 43 and 45 of *Makemytrip India Pvt Ltd v. Booking.com B.V.*⁸, both by coordinate Single Benches of this Court. These decisions, he submits, include, within the scope of infringement, even hidden use of the plaintiff's registered trade mark, as in, for example, meta tags.

13. The plaintiff has, therefore, instituted the present suit against Indiamart, seeking the following reliefs, which are pressed by Mr. Narula, apart from damages and costs:

“49. It is, therefore, respectfully prayed that this Hon'ble Court may be pleased to pass the following reliefs in favor of the Plaintiff and against the Defendant:

i. A decree for permanent injunction restraining the Defendant to cease use, facilitate or offer to the third parties the trademark PUMA as a brand suggestion/keyword/search term/recommended search on the portal/website www.indiamart.com or use the mark PUMA in any manner which may amount to infringement of the Plaintiff's registered trademarks as mentioned in paragraph 12 of the plaint;

ii. A decree for permanent injunction restraining the Defendant to cease use, facilitate or offer to the third parties the trademark PUMA as a brand suggestion/keyword/search term/recommended search on the portal/website www.indiamart.com in any manner which may result in third parties listing their products as authorized and genuine products thereby passing off their goods and services as that of the Plaintiff;

iii. An order directing Defendant to from removing all listing for sale of PUMA counterfeit products and creating any new entry for sale of PUMA counterfeit products or uploading any product images of PUMA, , logo, Form strip logo  without verification and due diligence by the Defendant and to seek specific undertaking from the

⁷ 2023 SCC OnLine Del 4809



⁸ 2022 SCC OnLine Del 1227



seller for each listing created that products being offered are not counterfeit.”

IIL's response

14. Arguing in response for IIL, Mr. Raj Shekhar Rao, learned Senior Counsel, submits that the present suit is a complete misadventure, and the plaintiff can have no sustainable grievance against his client – the sole defendant that it has chosen to implead. He draws attention to para 27 of the plaint, which sets out the cause of action on which it is based:

“27. The Plaintiff in the first week of August, 2021 received various consumer complaints of counterfeit goods being sold in large numbers on the Defendant's portal. Thereafter, it carried out random search on the Defendant's portal with the keyword or brand name “PUMA” and came across various third parties selling/listing their counterfeit products i.e. clothing, footwear, face masks, socks, caps, watches, accessories and merchandises etc. bearing the Plaintiff's mark PUMA,  logo, Form strip logo  including its RS-X 3D series shoes on Defendant's website www.indiamart.com and screenshots evidencing the same are produced below.”

The plaintiff's grievance is, therefore, that counterfeit goods of the plaintiff are being sold on the Indiamart platform. He submits that Indiamart is not responsible for the fact that the goods are counterfeit. In this context, he seeks to point out that the right to assert one's registered trademark and to seek remedy against its infringement, as conferred by Section 28(1)⁹, is not absolute, but is subject to other

⁹ 28. **Rights conferred by registration.** –

(1) Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act.



provisions of the Trade Marks Act, as is clear from the opening words of the provision. IIL, submits Mr. Rao, does not sell goods. It merely makes available space where another person can offer his goods for sale. By the present suit, he submits that the plaintiff, as the owner of the concerned brand, is trying to monopolise the channel of trade, which is impermissible. IIL is not the originator of the information relating to the goods put up for sale on its website. It is merely a space provider. He submits that IIL is willing to take down any listing, put up by a counterfeiter, on the fact being brought to its notice.

15. Mr. Rao also refers me to para 29 of the plaint:

“29. The Plaintiff submits that the entire business of the Defendant is based on enrolling a large number of traders without any due diligence or verification so that it can convert them into payee listing. The Plaintiff submits once they submit a “take down” request, the 3rd parties relist them under a different or similar name. Thus, the Defendant is encouraging or inducing infringement by lack of due diligence.”

Thus, submits Mr. Rao, the entire plaint is predicated on the premise that IIL is facilitating counterfeiting activities. In fact, though the issue in controversy in the plaint is the availability, to IIL, of “safe harbour” under Section 79 of the IT Act, the plaint has been argued as an infringement suit, apropos Section 29 of the Trade Marks Act. Section 29, he submits, would at best apply only to the person who selects the option “Puma” or “Puma shoes” from the drop down box, at the time of registration of his product on the Indiamart website. It is that person who is using “PUMA” as a trademark within the



meaning of Section 29(1); not IIL. For the same reason, he submits that no other sub-section of Section 29 would apply either.

16. Mr. Rao also places reliance on Sections 30(1) and (2)¹⁰ of the Trade Marks Act. He submits that the use of the mark PUMA, by IIL, is only to identify the goods being sold as those of the plaintiff and that, therefore, such an act would not constitute infringement in view of Section 30(1).

¹⁰ **30. Limits on effect of registered trade mark. –**

(1) Nothing in Section 29 shall be construed as preventing the use of a registered trade mark by any person for the purposes of identifying goods or services as those of the proprietor provided the use –

- (a) is in accordance with honest practices in industrial or commercial matters, and
- (b) is not such as to take unfair advantage of or be detrimental to the distinctive character or repute of the trade mark.

(2) A registered trade mark is not infringed where—

(a) the use in relation to goods or services indicates the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services or other characteristics of goods or services;

(b) a trade mark is registered subject to any conditions or limitations, the use of the trade mark in any manner in relation to goods to be sold or otherwise traded in, in any place, or in relation to goods to be exported to any market or in relation to services for use or available or acceptance in any place or country outside India or in any other circumstances, to which, having regard to those conditions or limitations, the registration does not extend;

(c) the use by a person of a trade mark—

(i) in relation to goods connected in the course of trade with the proprietor or a registered user of the trade mark if, as to those goods or a bulk or which they form part, the registered proprietor or the registered user conforming to the permitted use has applied the trade mark and has not subsequently removed or obliterated it, or has at any time expressly or impliedly consented to the use of the trade mark; or

(ii) in relation to services to which the proprietor of such mark or of a registered user conforming to the permitted use has applied the mark, where the purpose and effect of the use of the mark is to indicate, in accordance with the fact, that those services have been performed by the proprietor or a registered user of the mark;

(d) the use of a trade mark by a person in relation to goods adapted to form part of, or to be accessory to, other goods or services in relation to which the trade mark has been used without infringement of the right given by registration under this Act or might for the time being be so used, if the use of the trade mark is reasonably necessary in order to indicate that the goods or services are so adapted, and neither the purpose nor the effect of the use of the trade mark is to indicate, otherwise than in accordance with the fact, a connection in the course of trade between any person and the goods or services, as the case may be;

(e) the use of a registered trade mark, being one of two or more trade marks registered under this Act which are identical or nearly resemble each other, in exercise of the right to the use of that trade mark given by registration under this Act.



17. Mr. Rao refers me to the following clauses of the Terms and Conditions of Use of IIL's website, to which every seller who seeks to sell his merchandise or the website is required to consent and subscribe:

“I. WEBSITE – MERELY A VENUE / PLATFORM

The Web Site acts as a match-making platform for User(s) to negotiate and interact with other User(s) for entering into negotiations in respect thereof for sale or supply of goods or services. IIL or IndiaMart.com are not parties to any negotiations that take place between the User(s) of the Web Site and are further not parties to any agreement including an agreement for sale or supply of goods or services or otherwise, concluded between the User(s) of the Web Site.

IIL does not control and is not liable in respect of or responsible for the quality, safety, genuineness, lawfulness or availability of the products or services offered for sale on the Web Site or the ability of the User(s) selling or supplying the goods or services to complete a sale or the ability of User(s) purchasing goods or services to complete a purchase. This agreement shall not be deemed to create any partnership, joint venture, or any other joint business relationship between IIL and any other party.

II. SERVICES PROVIDED BY IIL

IIL provides the following services to its Customers and their respective definitions are classified here under: –

- “Leading Supplier”: It gives the User(s) priority listing within categories of their choice as available on IndiaMART, thus increasing visibility of their products.
- “Star Supplier”: It is add-on service by IndiaMART which gives its User(s) priority listing in their chosen category of products. By availing this service the User(s) will get benefits of increased leads and enquiries.



- “TrustSEAL”: is a seal that User(s) gets after getting its business-related documents and information verified.
- “Maximiser”: User(s) availing this service could maximize its return on investment by availing the specialised feature of this package.
- “Mini Dynamic Catalog”: It is a professionally-designed catalog on IndiaMART along with independent control to add, delete, edit text and images as per requirement of customers.
- “Verified” User(s): Users are said to be verified if any of their provided primary/secondary, mobile or email is verified by IIL.

XI. POSTING YOUR CONTENT ON WEBSITE

Some content displayed on the Web Site is provided or posted by third parties. User(s) can post their content on some of the sections/services of the Web Site using the self-help submit and edit tools made at the respective sections of the Web Site. User(s) may need to register and/or pay for using or availing some of these services.

User(s) agree that they will not use IIL Content and/or IIL’s Services to send junk mail, chain letters or spamming. Further, registered User(s) of the Web Site agree that they will not use the Email Account to publish, distribute, transmit or circulate any unsolicited advertising or promotional information. User(s) further hereby represent, warrant and agree (i) to host, display, upload, modify, publish, transmit, store, update or share; or (ii) submit to IIL for display on the Web Site or transmit or sought to be transmitted through IIL’s Services any content, material or information that does not and shall at no point:

- Be intended to deceive or mislead the addressee about the origin of such messages or



knowingly and intentionally is used to communicate any information which (i) is patently false or grossly offensive or menacing/misleading in nature but may reasonably be perceived as a fact; or (ii) harass a person, entity or agency for financial gain or to cause any injury to any person;

- Relate to sale of products or services that infringe or otherwise abet or encourage the infringement or violation of any third party's copyright, patent, trademarks, trade secret or other proprietary right or rights of publicity or privacy, or any other Third Party Rights;"

These covenants, submits Mr. Rao, are entirely in compliance of the IT Rules, as well as the due diligence requirements envisaged by Rule 3 thereof.

18. Mr. Rao submits that it is physically and practically impossible for IIL to monitor or control counterfeiting. In the facts of the present case, he submits that IIL is entitled to safe harbour under Section 79 of the IT Act – which commences with a *non obstante* clause and would, therefore, prevail over other statutory provisions – and relies, for this purpose, on paras 117, 121 and 122 of *Shreya Singhal v. U.O.I.*¹¹, para 28 of *Power Control Appliances v. Sumeet Machines (P) Ltd*¹² and paras 5 and 6 of the judgment of the Division Bench of this Court in *Power Control Appliances v. Sumeet Machines (P) Ltd*.

19. Mr. Rao also invokes the doctrine of exhaustion. Where a rightful owner, distributor, or seller of goods bearing a registered

¹¹ (2015) 5 SCC 1

¹² (1994) 2 SCC 448



trademark purchases such goods, he submits that the right of the registrant of the trademark, to assert the trademark, stands exhausted and the purchaser is free, consequently, to sell the products. Any third party who seeks to advertise or sell the plaintiff's products on IIL's portal is, therefore, doing so legally and cannot be restrained. This aspect has necessarily to be borne in mind before restraining IIL from suggesting the plaintiff's name or mark PUMA to third parties for listing their products on IIL's portal.

20. Having admitted, in the plaint, that IIL is an intermediary, the plaintiff is, submits Mr. Rao, seeking, from IIL, something that the law does not require. The infringers, if any, are the persons who are selling counterfeit goods across IIL's platform. The plaintiff has not chosen to implead any such infringer, thereby rendering the suit bad for non-impleadment of necessary parties as well. The suit, therefore, in his submission, deserves summary dismissal under Order XIII A of the Code of Civil Procedure, 1908 as amended by the Commercial Courts Act, 2015.

21. *DRS Logistics*, submits Mr. Rao, involved use of the plaintiff's registered trade mark as an ad word on the Google Ad Words program without authority. By such use, traffic, and business, which was otherwise intended for the owner of the trademark, was diverted to the illegal user of the ad word. The following features, submits Mr. Rao, distinguish the facts of the present case from those which obtained in *DRS Logistics*:



(i) IIL is not a competitor of the plaintiff. Nor does it operate in the class of goods or services in which the plaintiff operates its business.

(ii) IIL does not commercially exploit the names or words suggested in its drop down menu. No amount is charged from the advertiser or user for choosing one of the suggested names or words at the time of registration of its listing.

(iii) In *DRS Logistics*, the Court noted that the impugned sponsored ad-listings, generated by using third-party trademarks appeared at the very top of the search result page on Google. No such feature is present here.

(iv) Most importantly, in *DRS Logistics*, the use of the registered trade mark as an ad word or meta tag or in the source code resulted in the prospective consumer of the owner of the registered trademark being faced with alternate options of competitors' products or services. In the present case, the suggestion of the plaintiff's name by IIL, which takes place at the very backend, results in advertising or the listing of the plaintiff's products on IIL's platform. Providing the plaintiff's name as a suggested option does not, therefore, result in diversion of internet traffic.

(v) There is inherently no justification for comparing the mere suggestion of the plaintiff's name at the backend of IIL's



platform, to a seller who sought to sell products bearing the plaintiff's brand name, by misuse of the plaintiff's registered trademarks or the Google Ads program.

(vi) The plaintiff has failed to demonstrate even a single instance in which its PUMA trademark was being used by any advertiser in respect of goods of another brand, which was the very basis of the grievance in *DRS Logistics*.

Plaintiff's submissions in rejoinder



22. Apropos the entitlement of IIL to safe harbour under Section 79 of the IT Act, Mr. Narula submits, in rejoinder, that an intermediary who provides value-added service is not entitled to the benefit of Section 79. He relies, in this context, on paras 52, 82 and 83 of *Snapdeal*. The principles laid down in these paras, he submits, squarely apply, as IIL monetises its services beyond the "free listing" facially provided on its website. Mr. Narula further relies on sub-section (3) of Section 79. To support the submission that IIL cannot claim safe harbour under Section 79, Mr. Narula also cites *Amway India Enterprises Pvt Ltd v. IMg Technologies Pvt. Ltd*¹³.



23. Mr. Narula refutes Mr. Rao's contention that the plaint does not allege infringement and is only predicated on the non-availability, to IIL, of the protective shield of Section 79 of the IT Act. He submits that the plaint has to be read as a whole and that, in paras 3, 26, 30

¹³ (2019) 260 DLT 690



and 34 of the plaint, the plaintiff has specifically asserted its trademark rights. These paras (to the extent relevant) read thus:

“3. That the present suit has been instituted in order to protect the Plaintiff’s statutory rights in their well-known and world renowned trade mark PUMA, , Form strip logo  and common law right in the brands and trade dress, get up, layout and placement of distinctive features of its shoes and readymade garments. Further, the present suit has also been instituted to seek strict adherence to observing the due diligence requirement, by the Defendant, as an intermediary under Section 79 of the Information Technology Act. To stop aiding, inducing and abetting infringement of Plaintiff’s brands and various IP elements by actively offering PUMA as a brand option by the Defendant through its portal from its drop-down list to anyone desirous of selling footwear, face masks, socks, caps, watches, accessories, and merchandise. Thus, placing instrument of deception and fraud in the hands of third parties to encourage infringement and unauthorised business activities by inducing them to select PUMA brand. The Defendant through its website/portal www.indiamart.com is encouraging traders to trade/stock/supply/market/sell/list clothing, footwear, face masks, socks, caps, watches, accessories, and merchandises etc. that are poor in quality and counterfeit using the brand name PUMA resulting in infringement of the Plaintiff’s registered trademark/logo PUMA and passing off.

26. ... The Plaintiff’s grievance is that the Defendant’s web portal has hundreds of listing of traders that are offering clothing, footwear, face masks, socks, caps, watches, accessories and merchandises etc. that are poor in quality and counterfeit, resulting in infringement of the Plaintiff’s registered trade mark/logo PUMA, , Form strip logo  and thereby passing off their inferior goods as for and that of the Plaintiff.

30. The Plaintiff submits that the Defendant is also actively infringing its brand name by aiding and abetting the users of its platform to choose PUMA trademark/brand as a keyword suggestion/search term/recommended search to describe their products as Puma branded products from a drop-down menu. The



drop-down menu offers the following options with PUMA brand name

- PUMA shoes
- PUMA t-shirts
- PUMA socks
- PUMA men lower
- PUMA men's cap
- Watches PUMA
- PUMA bottles

As a result of PUMA being offered as brand name suggestion by the Defendant to several hundred parties. And these parties with impunity continue to list them as seller of PUMA products. Therefore, making it a full-time job of the Plaintiff and its representatives to monitor and report the infringing listing for “take down”. The Plaintiff submits once they provide to the Defendant, the list of URL for ‘take down’ those are removed, but an equal number are relisted due to lack of due diligence and no penalties by the Defendant to keep its portal free of counterfeit goods.

31. ...The Plaintiff submits that PUMA being the registered trademark of the Plaintiff, it has not authorized the Defendant to use the mark to promote its services or in any manner use the brand PUMA over the internet for making it available to third parties to upload counterfeit and cheap quality products bearing the mark PUMA. The Defendant is using their mark without authorization and license for making profits by offering space to the third parties for uploading product pictures and option to add, amend, or delete the product description and thereafter sell the said products where the Defendant acts as an agent to facilitate the transaction. The Defendant is also making profits by the paid subscription, advertisements or sponsorships on the said basis.

34. It is most respectfully submitted that the Defendant being fully aware of the Plaintiff's right in the well-known marks PUMA, its logos indulged into activities of providing option to third parties sellers to choose PUMA trademark/brand as a keyword/search term/recommended search to describe their products from a drop-down menu and by providing the same, the Defendant is facilitating and contributing to infringement of PUMA's rights.”



Further, in paras 39 and 41 of the plaint, it is specifically asserted that IIL is making profits from its illegal activities.

24. Mr. Narula points out that, in para 17 of the written statement, IIL has admitted usage, by it, of the plaintiff's PUMA trade mark, thus:

“17. That in view of the abovementioned submissions, the usage of the trademark “PUMA” by the Defendant is a mere suggestion for listing, and in fact is not exposed to the viewers of the website and is a mere option offered to the sellers who are seeking to list their products, at the very backend of the entire operation. The suggestion of a trade mark is to facilitate listing of goods bearing suggested trade mark only and by no means is meant to facilitate listing of goods under a third party trade mark or listing of counterfeit goods as is being suggested by the Plaintiff. Both the above will fall outside the terms of use of the Defendant's website. Further, no charge or profit is made by the Defendant in the making of such a suggestion and therefore, the same does not fall under the definition of “course of trade” as for “infringement” to be established.”

Mr. Narula submits that the defence sought to be set up by IIL in para 17 of the written statement is meritless, as hidden use of the plaintiff's trademark also constitutes infringement. He relies, for the purpose, on *DRS Logistics*.

25. Mr. Narula also dismisses IIL's contention that it is not motivated by any expectation of profit. It is pointed out that IIL is misusing only popular brands, and not all. In fact, the goodwill and reputation that the plaintiff's registered trade marks have attained over a period of time have motivated IIL to misuse the said marks. Mr.



Narula cites, in support of his submissions, paras 64 to 66 of the judgment of this bench in *Snapdeal*.

Analysis

26. The following two issues arise for consideration:

(i) Is IIL infringing the plaintiff's registered trade marks, or passing off goods or services, other than those of the plaintiff, as the plaintiff's? If not, the matter ends there.

(ii) If IIL is doing so, is it entitled to safe harbour under Section 79 of the IT Act and thereby insulated from the consequences of infringement/passing off?

27. On both the issues, the controversy is covered, to a large extent, by the recent judgment of the Division Bench of this Court in *Google LLC v. DRS Logistics (P) Ltd.*¹⁴, by which the appeal preferred by Google against the judgment of the learned Single Judge in *DRS Logistics* was dismissed.

28. There are, however, certain features, in that case, which are not available in the present; likewise, there are certain features which are available in the present case which were not forthcoming in *Google LLC*. It would be beneficial to proceed through the said judgment, para-wise, to identify the exact extent to which it covers the

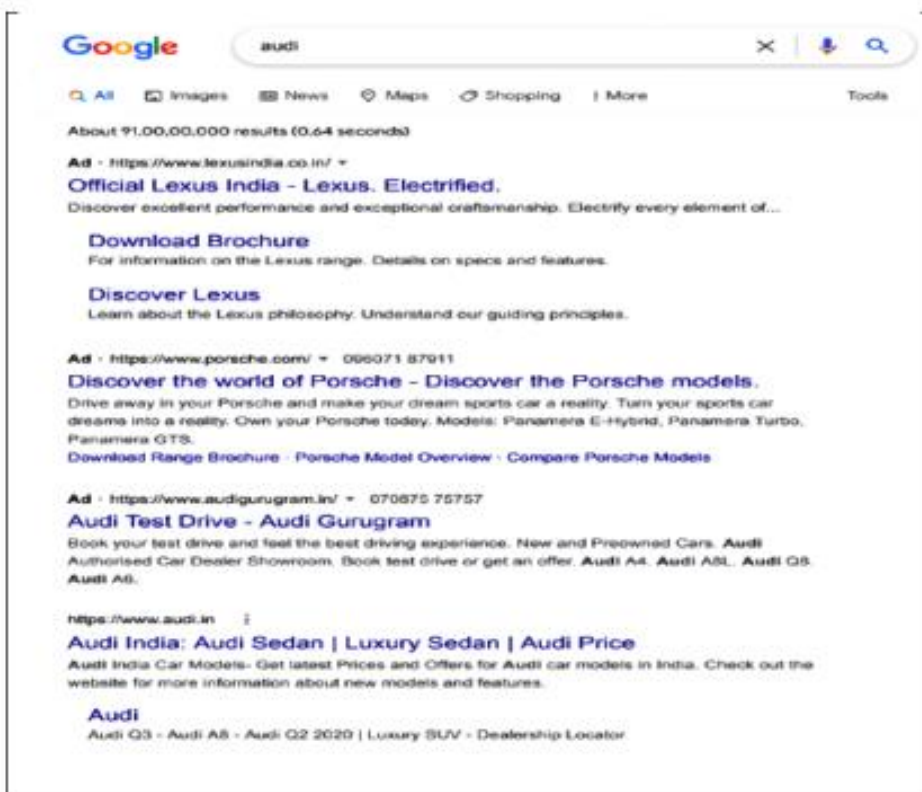
¹⁴ 2023 SCC OnLine Del 4809



controversy at hand. The para numbers of *Google LLC*, as cited hereinafter, refer to the SCC OnLine report of the judgment.

29. Paras 1 to 27 of *Google LLC*

29.1 Paras 1 to 27 of *Google LLC* identify the features of the Google Ads program which formed subject matter of dispute in that case. The Division Bench notes that the Google Ads program offered certain ad words which could be selected by persons who desired to join the program to advertise their goods or services. Such persons could select one of the ad words provided by Google against consideration. These ad words were often the brand names or trademarks of reputed manufacturers or providers of service. If, for example, a company P were to select “Audi” from the ad words available on Google’s Ads program, then, if a user, who, perchance, wanted to buy a luxury sedan, keyed in the search term “Audi” in the Google search bar, the result that would show up would not only include websites relevant to Audi but, above the said search results, would also reflect the advertisement of P, and of other persons who had selected “Audi” as the ad word from the Google Ads program. These advertisements were preceded by the prefix ‘Ad’ so that the user of the Google search engine would be able to immediately distinguish these results from the search result which actually dealt with Audi. The judgment of the Division Bench extracts the following screen-shot which explains this:



The above screen-shot reflects the first four results which have been thrown up, consequent on a user entering the search thread “Audi” in the Google search bar. Of these, the first three search results re-direct to advertisements by persons who have chosen “Audi” as the ad word from the Google Ads program. As is seen, the first result is by www.lexusindia.co.in, the second is by www.porsche.com and the third is by www.audigurugram.in. Thus, when a person, who desires to use the Google search engine to search for material on Audi, does so, he is also provided advertisements of Lexus and Porsche. Though he may have had an interest in purchasing an Audi, the user can now also exercise an informed choice of whether, instead, he would prefer a Lexus or a Porsche, having seen their advertisements. It is for this reason that, almost invariably, ad words selected by a particular



advertiser would relate to goods or services which are allied to the goods or services provided by the owner of the mark which is used as the ad word. For example, there would be little sense in a furniture manufacturer selecting “Audi” as an ad word in the Google Ads program, as the person who desires to search for material on Audi would be least interested – ordinarily – in furniture. It is this possibility which was challenged, by DRS Logistics (P) Ltd. (hereinafter “DRS”) before this Court, as “diversion of business”.

29.2 As already noted, paras 1 to 27 of *Google LLC* set out the aforesaid features of the Google Ads program, albeit in much greater detail.

30. Paras 31 to 35 of *Google LLC*

30.1 Paras 31 to 35 of the judgment in *Google LLC* identify the controversy before the Bench and read thus:

“31. Google further claims that *it, as an intermediary, has a safe harbour under Section 79 of the IT Act and the learned Single Judge's findings to the contrary are erroneous*. Google also contends that the directions issued by the learned Single Judge requiring it to investigate complaints alleging use of the trademark and/or to ascertain whether a sponsored result has an effect of infringing a trademark or passing off, are liable to be set aside.

32. DRS disputes Google's claim that its liability is restricted under Section 79 of the IT Act. DRS contends that *Google actively participates in promoting sponsored Ads to be displayed on the SERP. It does so by determining the keywords, which is relevant to the goods and services of the advertisers and offers its use to them*. It, admittedly, selects the Ads that are displayed based on an Ad Quality Score, which in turn takes into account the Max CPC offered by an advertiser. Thus, according to DRS, *Google's claim that it is a passive intermediary in reference to the*



Ads Programme, is unsustainable. And, the benefit of restriction of liability under Section 79 of the IT Act is not available to Google.

33. Google India claims that it *neither operates nor controls the Search Engine. It does not operate the Ads Programme* and therefore, is incapable of complying with the directions in the impugned judgment.

34. Google has confined the scope of its appeal to assailing the directions issued in paragraph no. 127 of the impugned order to the extent that the said direction is based on the finding that use of the trademarks as keywords in the Ads Programme amounts to ‘use’ of the trademarks under the TM Act, which may amount to infringement of the trademarks under the TM Act. And, Google is not entitled to the defence under Section 79 of the IT Act.

35. *The principal questions that arise for consideration of this Court are:*

(i) whether use of the trademarks as keywords amounts to use of those marks for the purposes of Section 29 of the TM Act;

(ii) if so, whether such use is that of the advertiser or by Google as well;

(iii) whether the use of the trademark as keywords per se amounts to infringement of a trademark; and

(iv) if so, whether Google is absolved of its liability in respect of use of trademarks as keywords by virtue of being an intermediary under Section 79 of IT Act.”

(Emphasis supplied)

30.2 “AGARWAL PACKERS AND MOVERS” was the registered trade mark of DRS. “AGARWAL PACKERS AND MOVERS” had also been provided as one of the ad words available on the Google Ads program. All parties who selected “AGARWAL PACKERS AND MOVERS” as the ad word of their choice from the Google Ads program would, therefore, have their advertisement reflected above the search result relating to Agrawal Packers & Movers itself, whenever a user keyed in “AGARWAL PACKERS AND MOVERS” in the Google search bar. Two such third parties, who had selected



“AGARWAL PACKERS AND MOVERS” as their ad words of choice were www.safepackersmovers.com and www.dtccargopackers.com. The result was that, when a person desired to search for information on Agarwal Packers & Movers and, for that purpose, entered “AGARWAL PACKERS AND MOVERS” in the Google search bar, he was presented, as the initial search results, the advertisements of www.safepackersmovers.com and www.dtccargopackers.com. This, contended DRS, resulted in diversion of business from its website to the owners of the www.safepackersmovers.com and www.dtccargopackers.com websites, who were its competitors. In this manner, it was alleged that use of “AGARWAL PACKERS AND MOVERS” as a keyword in the Google Ads program infringed DRS’s registered trade mark. It was also alleged that the consumer was deceived into believing that he was availing the services of DRS, even on the website of other competing traders. Thus, DRS sought a restraint against Google from permitting the use of any of DRS’s trade mark as keywords by third parties.

30.3 A reading of paras 30 and 31 of the decision in *Google LLC* reveals that Google had, before the Court, advanced three of the very same contentions which have been advanced in the present case by IIL, through Mr. Rao.

30.4 The first is that use of “AGARWAL PACKERS AND MOVERS” as a keyword in the Google Ads program did not amount to “use” within the meaning of the Trade Marks Act. IIL has, similarly, contended in the present case that the use of “Puma” or



“Puma Shoes” as a choice in the drop down menu presented to the seller who was seeking to register himself as a seller of Puma products on the Indiamart platform does not amount to “use” of the plaintiff’s registered trade mark.

30.5 The second contention advanced by Google, which IIL, too, has raised in these proceedings, is that even if the use of the registered trade mark “AGARWAL PACKERS AND MOVERS” by DRS were to be treated as “use” within the meaning of the Trade Marks Act, that use, to the extent it was infringing, was by the advertiser displaying the sponsored results – for example by www.safepackersmovers.com and www.dtccargopackers.com – and not by Google. In a similar vein, IIL has contended, in the present case, that the infringing use of the plaintiff’s “Puma” trade mark, if at all, is by the seller who sells his goods, bearing the “Puma” trade mark or other registered trade marks of the plaintiff – whether genuine or counterfeit – on the Indiamart platform, and not by IIL itself.

30.6 Thirdly, Google also sought sanctuary under Section 79 of the IT Act, as has been sought by IIL in the present case.

30.7 Thus, three of the major contentions advanced by Google before the Division Bench are similar to the contentions advanced by IIL before this Court. The judgment in *Google LLC*, therefore, has to be carefully read.



30.8 The similarities between the contentions advanced by Google before the Division Bench and by IIL before this Bench are also underscored by paras 32 and 33 of the report in *Google LLC*. Para 32 records DRS’s contention that the keywords in the Google Ads program were determined by Google. Google, therefore, actively participated in promoting the sponsored advertisement displayed on the Search Engine Result Page (SERP). DRS, therefore, disputed Google’s claim that it was a mere passive intermediary, entitled to the benefit of Section 79 of the IT Act. In a similar vein, the plaintiff, in the present case, also contends that the decision to include “Puma”, or “Puma shoes”, as one of the choices available to the prospective seller in the drop down menu provided at the time of registration, was of IIL. Thus, IIL – like Google in *Google LLC* – actively participated in determining the choices which were provided in the drop down menu to the prospective seller on the Indiamart platform, and offered the said choices to the seller concerned. In determining these choices, Mr. Narula points out that IIL invariably chose reputed brand names, thus indicating that the choice of drop down search terms was conscious, and aimed at maximizing returns.

30.9 As was contended by DRS in *Google LLC*, therefore, the plaintiff contends, before this Court, that IIL cannot be treated as a passive intermediary and would not, therefore, be entitled to protection under Section 79 of the IT Act.

30.10 Para 33 of the report records Google’s response that it neither operated nor controlled the Google search engine and had no part to



play in the exercise of choice of ad word by the user of the Google Ads program. In a similar vein, IIL contends that it neither operates nor controls the decision of the prospective seller on the Indiamart platform as the choice is to be made by him from the drop down menu presented at the time of registration. Thus, the respective contentions of DRS and Google before the Division Bench in *Google LLC* are similar to the contentions of plaintiff and IIL before this Court in the present suit.

30.11 Para 35 of the judgment in *Google LLC* identifies the four issues which arose for consideration in that case. Largely identical issues arise for consideration before this Bench in the present case. The issues arising for consideration in the present matter may – parallelly to those framed in *Google LLC* – be worded thus:

- (i) Whether use of the trade mark as choices in the drop down menu amounts to use of those marks for the purposes of Section 29 of the Trade Marks Act ?
- (ii) If so, whether such use is that of the seller on the Indiamart platform or by IIL as well?
- (iii) Whether the use of the trade mark as a search option in the drop down menu *per se* amounts to infringement of the trade mark ?



(iv) If so, whether IIL is absolved of its liability in respect of use of the trade mark as a search option in the drop down menu by virtue of being an intermediary under Section 79 of the IT Act ?

30.12 A comparison of the issues in the present case, as framed *supra*, with the issues as framed in para 35 of *Google LLC*, clearly indicates that the issues in controversy are identical.

31. Paras 36 to 44 of *Google LLC*

Paras 36 to 44 of *Google LLC* set out, in brief, the findings in the judgment of the learned Single Judge which were in appeal before the Division Bench. They are not, therefore, relevant for us.

32. Paras 45 to 50 of *Google LLC*

32.1 Paras 45 to 50 set out Google's contention before the Division Bench. A reading of the said paragraphs once again indicates how similar the contention of IIL, before this Court are, to the contentions of Google before the Division Bench.

32.2 Para 45 once again notes Google's contention that use of a trade mark as a keyword in the Google Ads program did not *per se* infringe the trade mark. Similarly, IIL contends that the use of the plaintiff's trade mark "Puma" in the choices in the drop down menu provided to



the seller at the time of registration is not per se infringing of the said trade mark.

32.3 Para 46 notes one more significant contention advanced by Google which is identical to the contention advanced by IIL in the present case. Google contended that, as the keyword was invisible to the consumer who was using Google as a search engine, the requirement of likelihood of confusion, which was a *sine qua non* for infringement, under Section 29(2) of the Trade Marks Act, was absent. In a similar vein, IIL contends that, as the choices provided in the drop down menu – which included the “Puma” trade mark – were visible only to the seller at the time of registration with the Indiamart platform and not to the consumer using the Indiamart platform to purchase goods, there is no likelihood of confusion within the meaning of Section 29(3) of the Trade Marks Act.

32.4 Para 48 of *Google LLC* carries this point further, by recording Google’s contention that, in the absence of likelihood of confusion, the mere fact that prospective users of DRS’s website may have been diverted to the website of advertisers who chose “AGARWAL PACKERS AND MOVERS” as the ad words, would not indicate confusion or likelihood of confusion. Similarly, IIL contends that the mere fact that, by selecting “Puma” as the choice from the drop down menu provided at the time of registration, a particular seller may have been peddling counterfeit goods on the Indiamart platform, would not indicate confusion of likelihood of confusion.



32.5 Para 49 once again reiterates the contention of Google, already noted earlier in the judgment, that Google’s role was content-neutral, as the Google Ads program merely provided an advertising platform and interface for creating and placing advertisements on the Google search engine. Google was, thus, a mere intermediary. If the advertisement was violative of the law, the advertiser was liable. In a similar fashion, IIL contends that IIL’s role, insofar as the selection of an option from the drop down menu provided to a seller at the time of registration, was content-neutral. The selection was used by a third party to select his products on the Indiamart platform with whom IIL was not concerned. IIL merely provides a platform for advertising and sale of products of third parties and is, therefore, a mere intermediary. Like Google, IIL also, therefore, seeks sanctuary under Section 79 of the IT Act. If the products sold by the seller, who had selected “Puma” as the drop down choice, are not genuine Puma products, it is the seller who is responsible and not IIL. As was contended by Google and recorded in para 49 of *Google LLC*, IIL, too, contends that providing the trade mark of the plaintiff as a choice in the drop down menu did not make IIL a primary infringer or disentitle it from seeking the benefit of Section 79 of the IT Act.

33. Paras 52 to 54 of *Google LLC*

Paras 52 to 54 of the report in *Google LLC* record the contentions of DRS, which have already been noted earlier in this judgment.



34. Findings of the Division Bench in *Google LLC*

The findings of the Division Bench commence from para 55 of the report.

35. Paras 55 to 93

35.1 The Division Bench commenced its discussion on the merits of the matter by examining the issue of whether the use of the trade mark of a third party as a keyword in the Google Ads program constituted “use” of the trade mark within the meaning of the Trade Marks Act.

35.2 The findings of the Division Bench in this regard would, therefore, be relevant to decide whether the use of the plaintiff’s “Puma” trade mark as one of the search options in the drop down menu provided to the seller at the time of registration constitutes “use” within the meaning of the Trade Marks Act.

35.3 Paras 55 to 57 and 84 to 93 of the report merit reproduction in this regard:

“55. The first and foremost question to be addressed is whether the use of trademarks as keywords is ‘use’ for the purposes of the TM Act.

56. The principal contention advanced on behalf of Google is that the use of a trademark as keyword does not amount to ‘use’ under the TM Act. *This contention is founded on Clauses (b) and (c) of Section 2(2) of the TM Act. Google contends that keywords are not visible to the internet users and therefore, their use does not qualify as ‘use of a mark’ under Section 2(2)(b) of the TM Act.*



It contends that the said section requires the expression ‘use of a mark’ to be construed as ‘use of printed or other visual representation of the mark’. Further, Google contends that Clause (b) of Section 2(2) of the TM Act is required to be read in conjunction with Sub-clause (ii) of Section 2(2)(c) of the TM Act. This further requires that the ‘use of a mark’ in relation to services be construed as a statement about the availability, provision, or performance of such services.

57. According to Google, the use of a keyword, similar to a trademark, does not give rise to any actionable claim under the TM Act because, being invisible, its use cannot be construed as a use of a mark. Mr. Kathpalia had referred to the decision of the Federal Court of Australia in *Veda Advantage Ltd. v. Malouf Group Enterprises Pty Ltd.*¹⁵ and fashioned his submission on the findings returned in the said judgment.

84. Section 2(2)(c)(i) of the TM Act is couched in wide terms. Any reference to the use of a mark in relation to goods is not only limited to use in any physical form but also “in other relation whatsoever” to such goods. The words “in relation to” have been interpreted in wide terms. In *Hardie Trading Ltd. v. Addisons Paint & Chemicals Ltd.*¹⁶, the Supreme Court considered the scope of Section 2(2)(b) of the TM Act (which is now Section 2(2)(c)(i) of the TM Act) and interpreted the words “in other relation whatsoever” in wide terms. The Court further observed that use of the words ‘in’ and ‘whatsoever’ indicated that the expression ‘other relation’ was of a wide amplitude. The relevant extract of the said decision is as under:

“41. The question therefore is - is the word “use” in Section 46(1) so limited? The phrase used in Section 46 is “*bona fide use thereof in relation to those goods*”. The phrase has been defined in Section 2(2)(b) of the Act as:

“2(2)(b) to the use of a mark in relation to goods shall be construed as a reference to the use of the mark upon, or in any physical or in any other relation whatsoever, to such goods”.

(emphasis supplied)

¹⁵ [2016] FCA 255

¹⁶ (2003) 11 SCC 92



42. *This shows that the use may be other than physical. It may be in any other relation to the goods. Given this statutory meaning, we see no reason to limit the user to use on the goods or to sale of goods bearing the trademark.*

45. In Section 2(2)(b) of the Act, we have the additional words “any” and “whatsoever” qualifying the words “other relation” giving the words a much wider meaning. Reading this definition into Section 46(1) it is clear that the word “use” in Section 46(1) may encompass actions other than actual sale.”

85. *We are unable to accept that the use of a trade mark must necessarily be limited to use in a visual form on the goods. The words ‘in any other relation’ to goods would also include use in relation to the goods, in any form whatsoever.*

86. Section 2(2)(c)(ii) of the TM Act requires the reference to the use of the mark as or as a part of any statement about availability, provision or performance of such services. The expression “*or in any other relation whatsoever*” is not used under Section 2(2)(c)(ii) of the TM Act. It is difficult to accept that the use of a mark in relation to services must be construed in a narrower sense than use of the mark in respect of goods. However, the same would depend on the context in which the expression “use of the mark” is used.

87. Section 2(2) of the TM Act serves as an aid to interpret the words and terms as used in the TM Act. However, the same is by no means exhaustive. The expression “*use of a mark*” is used in the TM Act in several sections and in the context of various aspects including removal of the trademark on account of abandonment or non-use, and for lack of any *bona fide* intention to use the mark. Thus, the question whether a reference to the expression “*use of a trademark*” is to be understood as instructed by Section 2(2)(b) or 2(2)(c) of the TM Act would depend on the context in which the said expression is used.

88. Section 29(6) of the TM Act expressly lists out certain actions, which would amount to use of a registered mark for the purposes of Section 29 of the TM Act. Clearly, *the words of Section 2(2) of the TM Act do not control the width of Section 29(6) of the TM Act. Thus, if any action falls within the scope of Section 29(6) of the TM Act, the same would necessarily have to be*



construed as use of the mark, for ascertaining whether the trademark is infringed in terms of Section 29 of the TM Act.

89. We concur with the view that *the words “unless the context otherwise requires” in the opening sentence of Section 2(2) of the TM Act, limits the applicability of Section 2(2) of the TM Act to where it is contextually relevant.*

90. Indisputably, *the Ads Programme is Google's commercial venture to monetize the use of the Search Engine for advertising by displaying the sponsored links of various advertisers, who seek to display their advertisements on the SERP pursuant to search queries initiated by an internet user. The use of a trademark as keywords for display of advertisements in respect of goods or services clearly amounts to use of the trademark in advertising within the meaning of Section 29(6) of the TM Act.*

91. *The expression “in advertising” as used in Section 29(6)(d) of the TM Act is not synonymous to the expression ‘in an advertisement’. It is not necessary that the registered trademark physically appears in an advertisement for the same to be used “in advertising”. The use of a trademark as a keyword to trigger display of an advertisement of goods or services would, in plain sense, be use of the mark in advertising.*

92. The conclusion of the Court of Justice of the European Union in ***Google France SARL and Google Inc. v. Louis Vuitton Malletier SA***¹⁷ that use of a sign by an advertiser, which is identical to the trademark as a keyword, in the context of an internet referencing service, would be the use of the same in relation to goods or services, is persuasive on this aspect, our view is similar.

93. *It is important to distinguish between use of a mark as a trademark, and its use other than as a trademark. The use of a trademark as a keyword by an advertiser for the purposes of displaying its advertisements on the Search Engine, is use of the mark in relation to the goods and services offered by an advertiser. But it is not use that mark as a trademark.”*

(Emphasis supplied)

¹⁷ [2011] All ER 411 (EC)



35.4 Paras 56 and 57 of the report once again record Google’s contention predicated on the “invisibility” of the ad words provided in the Google Ads program to the consumer using the Google search engine. Google contended that, as the ad words were invisible to the consumer, the making available of third party trade marks as ad words by Google did not constitute “use” within the meaning of Section 2(2)(b) or 2(2)(c)(ii) of the Trade Marks Act, which required “use of a mark” to be “use of printed or other visual representation of the mark”. As the making available of “AGARWAL PACKERS AND MOVERS” as an ad word in the Google Ads program did not amount to “use” of “AGARWAL PACKERS AND MOVERS” as a trade mark within the meaning of Section 2(2)(b) or 2(2)(c)(ii) of the Trade Marks Act, Google contended that DRS had no sustainable actionable claim under the Trade Marks Act.

35.5 Paras 58 and 59 record the observations of the learned Single Judge, against whose decision Google was in appeal.

35.6 Paras 60 to 76 referred to various decisions of foreign courts and paras 77 to 83 reproduced statutory provisions contained in the Trade Marks Act.

35.7 In paras 84 to 88 of the report, the Division Bench returned two important findings. The first was that the use of the registered trade mark, in order to constitute “use of a mark” within the meaning of Section 2(2)(b) and 2(2)(c)(ii) of the Trade Marks Act, is not limited to use in a visual form on goods, but would also include use in



relation to goods in any form whatsoever. The second was that Section 2(2) of the Trade Marks Act does not control or limit the width of Section 29(6). As such, use of the registered trade mark of the plaintiff, even if in one of the manners envisaged by Section 29(6), would also constitute “use” for the purposes of the Trade Marks Act.

35.8 Following the above, in paras 90 and 91 of the report, the Division Bench has interpreted the expression “in advertising” as employed in Section 29(6)(d). It holds that the expression “in advertising” is not synonymous with “in an advertisement”. In order for a registered trade mark to be regarded as having been used “in advertising”, therefore, it is not necessary that the registered trade mark must feature in an advertisement. As a sequitur, the Division Bench holds that the use of a trade mark as a keyword to trigger the display of an advertisement of the goods or service would amount to use of the trade mark in advertising.

35.9 These findings apply, *mutatis mutandis*, to the present case.

35.10 In view of the width accorded to the ambit of the expression “in any other relation whatsoever”, as they occur in Section 2(2)(c)(i) of the Trade Marks Act, by the Division Bench, and the consequent finding of the Division Bench that the use of the trade mark as an ad word in the Google Ads program would also amount to “use” within the meaning of Section 2(2) of the Trade Marks Act, the use of the plaintiff’s registered trade mark as one of the drop down choices available to the seller at the time of registration with the Indiamart



platform would also amount to “use” of the trade mark within the meaning of Section 2(2)(b) and 2(2)(c)(i) .

35.11 I also venture, in this context, to hazard a few independent findings on the aspect of “use” in the facts of the present case.

35.12 Section 2(2)(b) clarifies that any reference, in the Trade Marks Act, to use of a mark, shall be construed as a reference to the use of printed or other visual representation of the mark, though the Division Bench in *Google LLC* has not regarded the stipulation of printed or visual representation as absolute. Nonetheless, it cannot be disputed that, when it appears as one of the drop down choices to the seller who seeks to register himself on the Indiamart platform, the plaintiff’s PUMA mark is in fact being visually represented. Visual representation is visual representation, irrespective of the purpose for which it is made, the person for whose eyes it is intended, and whether it is made at the backend, the front end or anywhere in between. The repeated emphasis on the fact that the drop down menu is a feature provided at the “very backend” of the registration process to be followed by a seller who seeks to register himself on the Indiamart platform, and that the consumer who seeks to purchase merchandise from the platform would not encounter the drop down menu, does not make the use, by IIL, of the plaintiff’s PUMA mark any the less a visual representation or, therefore, any the less constitute “use” of the mark as envisaged in Section 2(2)(b).



35.13 Providing, to the prospective seller, of PUMA as one of the choices in the drop down menu also satisfies the ingredients of Section 2(2)(c)(i), which includes, in the definition of “use of a mark”, use of the mark *in any relation* to the plaintiff’s goods. It is IIL’s avowed case that the suggestions provided in the drop down menu are intended to identify the goods which are being displayed for sale *vis-à-vis* their brand name owner. Thus, in the example provided in para 5 *supra*, IIL provides “Puma shoes” as a choice in the drop down menu, to be filled in by the seller, to indicate a relationship with the goods that the seller seeks to sell and the plaintiff.

35.14 Mr. Rao stressed that, while allowing the seller to select “Puma shoes” from the drop down menu, it was never the intent of IIL to allow a counterfeiter to peddle counterfeit goods on its platform. That may very well be true. Indeed, it is not Mr. Narula’s case – it cannot be – that IIL was consciously allowing counterfeiters to sell counterfeit products on its platform. That, however, is irrelevant as a consideration while examining whether providing of “Puma shoes” as a choice in the drop down menu presented to the prospective seller constitutes “use” of the plaintiff’s registered trade mark by IIL. In my considered opinion, it certainly does. The intent of providing “Puma shoes” as an option to the prospective seller is so that, if the seller chooses that option, then, a future customer who accesses the Indiamart website and desires to purchase “Puma shoes” would immediately be presented with the seller’s product – along with the products of others who may have chosen “Puma shoes” from the drop down menu. “Puma shoes” is, therefore, being used by IIL, even if it



is only in the form of one of the choices provided in the drop down menu at the “backend”, in relation to the goods manufactured by the plaintiff. Providing of “Puma shoes” as an option in the drop down menu, therefore, satisfies the ingredients of “use of a mark” as envisaged in Section 2(2)(c)(i) of the Trade Marks Act.

35.15 Thus, though the “Puma shoes” option provided in the drop down menu is visible only to the seller at the time of registering himself with the Indiamart platform, and is not visible to the consumer who visits the website with intent to purchase goods, and though it is provided only at the “backend” of the registration process, the providing of the option itself constitutes “use of a mark” of the plaintiff, within the meaning of the Trade Marks Act.

35.16 Even if one were, therefore, to regard “use of a mark” as necessitating visual representation of the mark, the providing, by IIL, of “Puma” as one of the drop down menus available to the seller at the time of registration, on the Indiamart platform would constitute “use” within the meaning of Section 2(2)(b) and 2(2)(c)(i) of the Trade Marks Act.

35.17 The findings of the Division Bench in paras 90 and 91 of the report in *Google LLC* would also apply to the facts of the present case. It is an admitted position that, as a consequence of the providing, by IIL, of “Puma shoes” as a choice in the drop down menu available to the seller Mr. X who seeks to register himself on the Indiamart platform as a seller of Puma shoes, a subsequent consumer,



who desires to purchase Puma shoes and enters “Puma shoes” as a search thread in the search bar available on the Indiamart webpage would be faced, amongst others, with the Puma shoes sold by Mr. X, whether genuine or counterfeit. If he clicks that link, the search result invariably advertises the shoes themselves. This is, in fact, apparent from the screenshots contained in para 3 *supra*.

35.17 Analogising the present situation with that which obtained in *Google LLC* and applying, to the present case, the findings returned in paras 90 and 91 of that decision, the providing of “Puma shoes” as a drop down option to Mr. X, at the time of his registering himself as a seller of Puma shoes on the Indiamart platform would amount to “use”, by IIL, of the plaintiff’s registered trade mark “in advertising” and would, therefore, also constitute use of the trade mark within the meaning of Section 29(6) of the Trade Marks Act.

36. Paras 94 to 106 of *Google LLC*

36.1 Paras 94 to 106 of the decision in *Google LLC* dealt with whether suggested keywords on the Google Ads program could be analogised with meta tags. In my opinion, it is not necessary to draw any analogy with meta tags in the present case. Paras 94 to 106 of *Google LLC* are not, therefore, of particular relevance to the facts before us.

37. Paras 107 to 130 of *Google LLC*



37.1 Paras 107 to 130 of the decision in *Google LLC* once again examine whether use of a trade mark as keyword on the Google Ads program constitutes “use” of the trade mark by Google within the meaning of the Trade Marks Act. Of these, paras 107, 110 to 112, 128 and 130 of the judgment merit reproduction, thus:

“107. Google claims that even if it is held that use of trademarks as keywords amounts to use of the trademarks; the said use is by the advertiser and not use by Google. Google contends that it merely permits the advertisers to use keywords for display of sponsored links; it does not select the keywords. It claims that the Keyword Selection Planner is merely a tool which enables the advertisers to take an informed decision. It is a tool that provides the advertisers information regarding the approximate bid value of the keywords that may be relevant for the purposes of display of the advertiser's sponsored link.

110. We find it difficult to accept that Google is a passive service provider and merely permits the advertisers, the use of keywords without using it itself. A review of the Ads Programme clearly indicates that Google's role is anything but passive. It is an active participant in promoting use of trademarks as keywords for the purpose of its Ads Programme. It actively suggests keywords that would result in the display of Ads, which are likely to result in higher clicks. The PPC (Pay Per Click) revenue model suggests that the choice of the sponsored link to be displayed is based on the probability to generate the highest revenue, which is a function of the bid amount per click and the number of clicks. Google, by virtue of operating the Search Engine over a period of time, is in a position to suggest keywords which would result in the higher probability of clicks (visits to the website/webpage of the advertiser). The use of the keyword(s), as suggested, does not automatically guarantee that the advertiser's sponsored link would be displayed on the SERP when an internet user types the said keywords in the search bar. According to Google, use of a keyword merely results in the sponsored link of the advertiser being shortlisted. The final display is based on the quality of the website and other parameters. This, according to Google, is done by various proprietary algorithms and by use of artificial intelligence. Prima facie, it appears that the exercise is clearly designed to attract maximum revenue. It is possible that an



advertiser does not bid the highest amount for particular keywords and yet a sponsored link appears at the top of the SERP because the quality of its website and its relevance to the search query. This would result in attracting a higher number of clicks - that is, a higher number of persons being attracted to visit the website of the advertiser - and the multiple of clicks and the Cost Per Click amount bid may be higher than the multiple of clicks and the Cost Per Click amount bid by the highest bidder for the keyword.

111. The Ads Programme is nothing but a programme for display of advertisements. *It is Google's commercial venture to raise advertisement revenues by display of sponsored links, which are placed on the result page projected to the internet user who uses Google's Search Engine for seeking web pages relevant to their search query. The final decision as to which Ad is displayed on a search page is not that of the advertiser but is the qualitative decision that is taken by Google. Merely because the said decision is by automation, driven by Artificial Intelligence (AI), is of no relevance considering that Google is the architect of its programme and operates the proprietary software. One has little doubt that the said decision is persuaded with the object of maximizing its revenue.* It is contended that Google merely conducts an auction and the person who bids the higher amount per click for the keyword secures a chance for its Ad to be displayed. *The fact that Google is a recipient of the bid amount; plays an active role in using its tools to suggest the most relevant keywords with the object and purpose of encouraging its use; is in full control of the decision - although made through the use of its proprietary automated system - as to which Ad to display at which page, leaves little room for doubt that Google is an active participant in the use and selection of keywords.*

112. During the course of submissions, it was contended on behalf of Google that the Ads are displayed on Google's page by use of its proprietary software and DRS has no right to interfere with the selection of Ads or demand the order in which the Ads are displayed. *The question whether DRS has a right to demand that its trademarks not be used unauthorizedly for display of Ads is at the core of the dispute but there is no cavil that it is Google's page that is displayed and that it displays the sponsored links (Ads). The corresponding responsibility of the selection of Ads displayed by it and the process used for the same, substantially, if not entirely, rests with Google.*



128. *Prima facie, we are unable to accept the view that use of trademarks as keywords in the Ads Programme is use only by the advertisers and not Google. We reject the substratal premise that Google's participation in the Ads Programme is limited to merely providing the tools and the technical framework for advertisers to use the keywords. As stated before, Google actively encourages and suggests use of the keywords. It determines, albeit by use of its software and algorithms, the Ads that are displayed on the SERP. It auctions use of keywords, including trademarks, as it is not disputed that the advertiser that bids the higher Cost Per Click amount is accorded a higher priority for display of its Ads. It is difficult to accept that whilst Google, in a manner of speaking, sells keywords for use in its proprietary software; it does not use it.*

130. As noted above, *the role of Google is not a passive one; Google actively promotes and encourages the use of trademarks identified with the leading goods and service providers - which apparently yield a higher incidence of search queries in respect of a particular category of goods and services - as keywords by suggesting the same and further monetizing their value. In our view Google's PPC model, which actively uses keywords, derives a distinct advantage by use of trademarks as keywords.*

(Emphasis supplied)

37.2 Para 107 of the judgment in *Google LLC* once again records Google's contention that it could not be held responsible either for the choice of the ad words by the subscriber to the Google Ads program or the content of the advertisement of such advertiser. Even if it were to be held that use of a registered trade mark as a key-word in the Google Ads program amounted to "use of a mark" within the meaning of the Trade Marks Act, such use, contended Google, was by the subscriber advertiser, and not by Google. Google's contention was that it merely permitted advertisers to use keywords and did not select the keywords from the options available. The advertiser was, therefore, merely given an opportunity to make an informed decision.



In the process, the advertiser was also informed of the approximate bid value of the keywords.

37.3 The contentions of IIL in the present case are almost identical. IIL also contends that it merely permits the prospective seller to use the choice from the drop down menu to display his product on the Indiamart platform. IIL, like Google, does not select the option from the drop down menu. The drop down menu, like the keywords selection planner in *Google LLC* is merely a tool which enables the prospective seller to take an informed decision. The only difference is that, as the user of the Indiamart platform is a prospective seller of its own goods on the platform, and not merely an advertiser, there is no question of his being informed of any bid value.

37.4 In para 110, the Division Bench in *Google LLC* has unequivocally rejected Google's contention that it was merely a passive service provider, who merely permitted the advertisers to use the keywords in the Google Ads program and did not use them itself. The findings apply on all fours to the present case. Applying the ratio in *Google LLC*, a review of the procedure to be followed by the prospective seller seeking to register himself on the Indiamart platform clearly indicates that IIL's role is anything but passive. IIL is an active participant in promoting the use of trade mark – including the plaintiff's PUMA trade mark as a choice from the drop down menu available to the seller for the purpose of peddling his product on the Indiamart platform. IIL, therefore, actively suggests the choices which are available to the prospective seller from which, once the



seller exercises his choice, the seller's products are displayed for sale on the Indiamart platform. In another manner, by suggesting the choices available, IIL also selects the sellers who would be able to sell their products on the Indiamart platform.

37.5 IIL does not include, in its drop down menu, all brands, but only select brands of reputed manufacturers. This contention, as advanced by Mr. Narula, has not been traversed by Mr. Rao. *The choice of the brands to be provided to the prospective seller in the drop down menu is IIL's.* There is, therefore, conscious participation by IIL in the exercise of determination of the drop down choices.

37.6 I am also, *prima facie*, of the view that the observation, in para 110 of the decision in *Google LLC*, that the exercise was clearly designed to attract maximum revenue, would also apply to the case at hand. It is not IIL's case that the facility of selling one's product on Indiamart platform is available free of cost or that IIL is providing the service gratis. IIL earns revenue from each of the sellers who sells its goods on the Indiamart platform, and IIL does not seek to contend otherwise, either in its pleadings before the Court or during oral arguments or written submissions. Thus, attracting more sellers is also aimed at maximising IIL's revenue. Providing an increased number of options in the drop down menu available to a prospective seller at the time of registration on the Indiamart platform would also increase the number of sellers who avail the services of Indiamart. This, as was noted by the Division Bench, would maximise IIL's revenue through the Indiamart platform.



37.7 For the same reason, the findings in para 111 of *Google LLC* would also, in my view, apply to the case at hand. The Indiamart platform is IIL’s commercial venture to allow sale of goods of third parties, projected to the user who seeks to make purchases on the Indiamart platform. By providing, for example, “Puma shoes” as a choice in the drop down menu available to the seller at the time of registration, the seller’s goods are displayed to the consumer who enters “Puma shoes” on Indiamart website while seeking to make purchases. The mere fact that the decision to display the seller’s product is automatic does not lessen, in any manner, the role of IIL in the entire exercise. IIL is the architect of its website and also of the drop down menu feature contained on the website. As was held by the Division Bench in the case of *Google LLC*, therefore, in the present case, IIL is also an active participant in the use and selection of the option from the drop down menu presented to the prospective seller who seeks to register himself on the Indiamart platform.

37.8 Adverting to para 112 of the decision in *Google LLC*, the question whether the plaintiff has the right to demand that its trade mark be not used unauthorisedly for sale of goods of third parties on the Indiamart website is also at the core of the present dispute.

37.9 In para 128 of the decision, the Division Bench once again reiterates its finding that the use of a third party trade mark as a keyword in the Google Ads program could not be regarded as use of the trade mark only by the advertiser and not by Google. *Mutatis*



mutandis, use of the third party trade mark – including the PUMA trade mark of the plaintiff – as an available drop down option on the Indiamart website cannot be regarded as use only by the prospective seller who selects that option, and not use by IIL. IIL’s participation in the entire exercise is not, therefore, limited to merely providing tools and the technical framework for prospective sellers to chose an option from the drop down menu. IIL itself determines, albeit by use of its software and algorithms, the products which are displayed for sale on the Indiamart platform. As such, as was held by the Division Bench in para 128 of the report in *Google LLC*, it is difficult to accept that IIL does not “use” the trade marks of third parties, presented as options in the drop down menu, within the meaning of the Trade Marks Act.

37.10 As is noted further in para 130 of the report, the role of IIL is not passive. Providing of a larger number of options in the drop down menu results, consequently, in a larger number of products of manufacturers being displayed for sale on the Indiamart platform and, consequently, maximises the revenue earned by IIL in the process. IIL, therefore, *prima facie*, monetizes the value of the trademarks of third parties which are reflected in the drop down menu as options from which prospective sellers can choose. The Indiamart model, like the Google’s PPC model in *Google LLC*, therefore, derives a distinct advantage by use of registered third party trade marks as drop down options on the website.



38. Paras 131 to 164 of *Google LLC*

38.1 In paras 131 to 164, the Division Bench in *Google LLC* has examined whether use of third party trade marks as keywords in the Google Ads program would constitute infringement even if such use does not result in likelihood of confusion, unfair advantage, dilution or compromise of the third party trade mark. Paras 131 to 139 and 147 of the report in *Google LLC* merit reproduction thus:

“131. *The contention that the use of trademarks as keywords per se constitutes infringement of the trademark is unmerited. The said contention is premised on the basis that registration of a trademark under the TM Act grants the proprietor of the trademark monopoly over the SERP yielded by a search query that contains the trademark. This assumption is flawed. The aforesaid contention also disregards the participation of the internet user. The Search Engine is not a directory service. The assumption that an internet user is merely searching the address of the proprietor of the trademark when he feeds in a search query that may contain a trademark, is erroneous. An internet user may be looking for information that may be relevant to the trademark. He may be looking at reviews relating to the products or services covered by the trademark. He may also be looking at competitors or other persons who provide or deal with similar goods or services. A search engine is an indexing service that provides the addresses of the website/webpages (along with text relating to the site) that are relevant to a search query. It would be erroneous to assume that such information is required to be limited only to the website of the proprietor of a trademark when an internet user keys in a search query, which comprises of a trademark or includes the same. The popularity of an internet search engine and its success is based on the relevancy of the results yielded by the search engine. The search results that are provided by a search engine are also based on the location of web user, web browsing history of the internet user, and other factors. The SERP is to some extent personalized and tailored to the particular internet user. Thus, participation of an internet user in the outcome of the results (sponsored or organic) cannot be discounted.*

132. It is in one sense ironical that proprietors of trademarks seek extended rights relating to their trademarks, which would not



exist but for the development of internet search engines or services such as those provided by Google. From Google's perspective; it operates a proprietary internet referencing service and has a right to use it in a manner that it desires so long as it does not fall foul of any law. No third party can compel it to use its service in a manner to reflect its link or for its benefit. The proprietors of the trademarks are aggrieved to the extent that the internet users searching for their trademarks are diverted to websites of other entities, including their competitors. Thus, in one sense, their trademarks are used to divert business away from them. *Undoubtedly, there are competing rights and interests. These need to be reconciled by reference to the relevant statute under which rights are claimed.*

133. A trademark is infringed in terms of Section 29(1) of the TM Act if the mark which is identical or similar to a trademark is used by a person other than its proprietor or a person permitted to use the same as a trademark in relation to goods or services in respect of which the trademark is registered. *In keyword advertising, the use of trademarks either by an advertiser or by Google is not such as can be perceived as use of a trademark. The keyword does not perform any primary function of identifying the source of the goods or services. Thus, Section 29(1) of the TM Act is inapplicable.*

134. Infringement of a trademark under Section 29(2) of the TM Act rests on the likelihood of confusion. Thus, *unless it is established that in a particular case, the use of a trademark as a keyword has resulted in the internet user being confused, the action for infringement of a trademark under Section 29(2) of the TM Act would not lie.* A trademark is also infringed under Section 29(4) of the TM Act if the use of a mark identical or similar to the registered trademark is used in respect of goods not covered under the registered trademark and its use takes unfair advantage of or is detrimental to the distinctive character or repute of the registered trademark.

135. Thus, *use of a registered trademark as a keyword, absent of any confusion, dilution, or compromise of the trademark, would not amount to infringement of the trademark.*

136. *It is essential to bear in mind that the protection afforded in respect of a trademark is both to the public as well as the proprietor of the trademark. The primary function of a trademark is to serve as a source identifier of the goods and services. It is necessary for protection of the public that when they purchase*



goods and services associated with the trademark, they are not deceived in any manner in accepting goods and services from a source other than that associated with the trademark. Any use of a mark, which is likely to confuse or deceive the user is impermissible and is actionable. In addition to the primary function of serving as a source identifier, the trademark also has an investment function, that is, to preserve the value of investment of the proprietor in popularising the trademark and the attendant goodwill. Extended protection is also afforded to this function of the trademark, to ensure that the value of the trademark is not diluted or compromised, either by blurring or by tarnishment, by use of an identical or deceptively similar mark even though there is no likelihood of any confusion.

137. *Use of a trademark as keyword is, essentially, to seek the attention of the internet users who may find information relating to goods and services covered under the said trademark as relevant. We find nothing illegal in seeking out such internet users as targets for advertisements that they may find relevant. In brick-and-mortar world, there would be no question of infringement if customers looking for a product are also offered products of rival competitors. McCarthy on Trademarks and Unfair Competition has set out some illustrations that may be relevant to the point. The same are set out below:*

“Another analogy would be a customer walking into a brick and mortar retail computer store and asking the salesperson to show him a DELL laptop. Assume hypothetically, that competitor LENOVO offers the retailer a higher margin of profit than DELL. So the salesperson guides the customer to a computer with LENOVO computers, saying : DELL laptops are great, but have you looked at the new LENOVO.”¹⁸

“A similar analogy would be automatic discount coupons given at some supermarkets. Hypothetically, the customer who just bought a jar of a HEINZ ketchup is given at the checkout counter a cents off discount coupon for viral HUNT's ketchup. This happened in the hypothetical because HUNTS purchased from the supermarket the right to automatically have buyers of HEINZ ketchup be given a discount coupon in this way. The customer is automatically presented with a motivation for switching the next purchase

¹⁸ McCarthy on Trademarks and Unfair Competition Fifth Edition Volume 5 Pg 25A-49



to a competing brand, but is not “confused” or “deceived”.¹⁹

138. *There may be numerous methods to seek customers who may be interested in a product or services covered under a trademark. There would be nothing illegal if an entity engaged in commerce puts its advertising billboard next to an exclusive store of its competitor. It is also permissible for a competitor to buy shelf space next to competing goods of a well-known brand. These are clearly instances where advertisements are directed towards customers seeking goods or services of a particular brand. But the same are not actionable.*

139. *There has been an exponential increase in customers shopping online and using the internet for securing information relating to products and services. This has obviously thrown up various issues in trade and commerce. This also includes the extent of protection that may be available in relation to a trademark. We are of the view that a balance must be struck, and it would be essential to anchor the protection available to trademarks based on the core functions of a trademark; both for the purpose of protecting the public as well as preserving the investment value of the trademark. It is relevant to note that DRS also avails the Ads Programme. Thus, it is also required to bid for its own trademarks as a keywords to ensure that its sponsored link appears on the SERP, which is displayed as a result of a search query comprising of its trademarks or containing the same. There may be other advertisers who may outbid DRS for its trademark to ensure that their links are reflected on the same SERP. According to DRS, Google's activity in permitting others to bid for its trademark as keyword is an infringing activity. Prima facie, we are unable to accept the same. We find nothing illegal in Google using trademarks as keywords for display of advertisements if there is no confusion that the links or Ads displayed are not associated or related to DRS. If the Ad or link displayed does not lend itself to any confusion, DRS's grievance regarding use of its trademarks as keywords in the Ads programme is not actionable.*

147. *Clearly, the facts of each case are required to be considered in determining whether in a given case use of a trademark as a keyword amounts to infringement under the TM Act.”*

(Emphasis supplied)

¹⁹ McCarthy on Trademarks and Unfair Competition Fifth Edition Volume 5 Pg 25A-50



38.2 In paras 131 to 133 of the report in *Google LLC*, the Division Bench holds that the use of third party trade marks as keywords on the Google Ads program, by Google or by the advertiser, “is not such as can be perceived as use *of* a trade mark” (in para 133 of the report). It appears to me, with greatest respect to the Division Bench, that there is a minor typo here; the words “use *of* a trade mark” in para 133 should read “use *as* a trade mark”, as the finding has been returned in the context of Section 29(1) of the Trade Marks Act, which refers to use of a mark “as a trade mark”.

38.3 In para 133 of *Google LLC*, the Division Bench has held Section 29(1) of the Trade Marks Act not to be applicable to use of the trade mark of a third party by Google as an ad word available in its Google Ads program. The reason provided in para 133 itself is that “the keyword does not perform any primary function of identifying the source of the goods or services”.

38.4 The said finding is undoubtedly correct when applied to the use of the trade mark of a third person as an ad word in the Google Ads program. If one were to refer to the Audi example from para 29.1 *supra*, the use of “Audi”, as a selected ad word from the available ad words on the Google Ads program by an advertiser does not indicate that the goods being advertised by the advertiser had anything to do with Audi. Thus, the keyword suggested as an ad word by the Google Ads program does not act as a source identifier.



38.5 The Trade Marks Act does not define “use as a trademark”. “Trademark” is, however, defined in Section 2(1)(zb)²⁰. Clause (ii) thereof defines “trademark” in relation to all provisions of the Trade Marks Act other than those contained in Chapter XII – which deals with offences and with which we are not concerned. Section 2(1)(zb)(ii) requires a mark, in order to be regarded as a “trade mark” for the purposes of the Trade Marks Act, to be “used or proposed to be used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right, either as proprietor or by way of permitted user, to use the mark...” The use, by IIL, of the plaintiff’s PUMA mark, in the drop down menu which is presented to the prospective seller, is obviously intended to indicate a connection in the course of trade between the goods of the seller, who selects the “Puma” option and the plaintiff, as the owner of the PUMA trade mark. The use of “Puma”, in the drop down menu which is presented to the prospective seller while registering himself with the Indiamart website is, therefore, “use as a trade mark”.

38.6 Unlike the situation which obtains in case of use of a registered trade mark of a third party as an ad word in the Google Ads program

²⁰ (zb) “trade mark” means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours; and—

(i) in relation to Chapter XII (other than Section 107), a registered trade mark or a mark used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right as proprietor to use the mark; and

(ii) in relation to other provisions of this Act, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right, either as proprietor or by way of permitted user, to use the mark whether with or without any indication of the identity of that person, and includes a certification trade mark or collective mark;



by a prospective advertiser, the picking of a choice from the drop down menu available on the Indiamart website, of a registered trade mark by a prospective seller, is definitely intended to indicate a connection in the course of trade between the mark and the proprietor of the mark. For example, when a prospective seller chooses “Puma Shoes” from the drop down menu on the Indiamart website, the intention is to convey to the public that the seller is selling shoes which are manufactured by the plaintiff. Applying the reasoning contained in para 133 of *Google LLC* itself, as the choice of “Puma Shoes” in the drop down menu provided on the Indiamart platform performs the primary function of identifying the source of the goods or services to be sold under the said mark, Section 29(1) would be applicable.

38.7 Paras 134 and 135 of *Google LLC* held that, unless the use of a trade mark as keyword on the Google Ads program has resulted in the internet user being confused, no action for infringement under Section 29(2) of the Trade Marks Act would lie. In the present case, there is no verification whatsoever, carried out by IIL on its Indiamart platform regarding the genuineness or veracity of the prospective seller, who registers himself as a seller of PUMA merchandise, before allowing him to select “Puma” from the drop down menu and thereby registered himself as a “Puma” seller. The result is that there is every likelihood of confusion taking place, as a result of counterfeit PUMA products being displayed for sale on the Indiamart platform.



38.8 I may note, here, that Mr. Rajshekhar Rao’s submission that no positive case of confusion or infringement has been indicated in the plaint is not really correct. The plaintiff has provided screenshots of counterfeit PUMA products being sold on the Indiamart platform and those screenshots have also been reproduced in this judgment. There is every likelihood of an average consumer being misled into believing that the goods thus shown as PUMA merchandise actually originated from the plaintiff. Actual confusion, therefore, exists; not merely a likelihood of confusion.

38.9 Even otherwise, what Section 29 envisages, for infringement to be found to exist, is *likelihood* of confusion. The law does not bar entry, to the Court portals, to the plaintiff, till actual confusion has resulted and damage caused. It is the duty of the Court to guard registered, or well known, trade marks from every likelihood of confusion, and resultant consumer deception.

38.10 Para 136 of *Google LLC* squarely covers the present case. In the said paragraph, the Division Bench has held that the protection granted to trade marks under the Trade Marks Act is intended to serve not merely the proprietor of the trade mark, but also public interest. The trade mark functions as a source identifier. All parties including the Court are required to ensure that there is as little chance, as possible, of the public being deceived by misleading use of genuine trade marks. As the Division Bench has held, “any use of a mark, which is likely to confuse or deceive the user is impermissible and is actionable”. The element of public interest that pervades this



consideration is further underscored in the following words, in para 136 of *Google LLC*:

“136. ... In addition to the primary function of serving as a source identifier, the trademark also has an investment function, that is, to preserve the value of investment of the proprietor in popularising the trademark and the attendant goodwill. Extended protection is also afforded to this function of the trademark, to ensure that the value of the trademark is not diluted or compromised, either by blurring or by tarnishment, by use of an identical or deceptively similar mark even though there is no likelihood of any confusion.”

38.11 It is not open to IIL, in my opinion, to contend that mere offering of a suggestion of the plaintiff’s registered trade mark as one of the choices in the drop down menu, on the Indiamart website, is not likely to result in confusion, as there is no invitation to counterfeiters to register themselves as genuine PUMA dealers. There may be no such invitation, but there is no check or balance put in place by IIL to minimize the possibility of such misuse either. To my mind, it is not open to IIL to contend that, having, without any authority or permission from the plaintiff, provided the plaintiff’s PUMA mark as one of the drop down options to the prospective seller without any checks or balances in place to ensure that the seller is actually a dealer in genuine PUMA products and not a counterfeiter, there is no “likelihood of confusion” as a result of providing the plaintiff’s registered trade mark as one of the drop down options to the prospective seller.

38.12 In examining this issue, one has to keep the realities in the market place in mind. Counterfeiting is a well known commercial evil. It is rampant, both in the brick and mortar world as well as in the



virtual market place. Counterfeiting is a way to make a quick buck, by selling inferior quality products as genuine. The amendment to Rule 3(1)(b) of the IT Rules in 2023, which requires an intermediary “to cause the user of its computer resource not to host, display, upload, modify, publish, transmit, store, update or share any information which infringes intellectual property rights” is obviously intended to contain online counterfeiting and intellectual property infringement. This amounts, therefore, to a statutory recognition of the fact that counterfeiting is a known economic evil in the virtual world. It is for this reason that the intermediary is required to make reasonable efforts to ensure that the information provided by a user of its computer resource does not infringe intellectual property rights. IIL is statutorily required, therefore, to make reasonable efforts to ensure that infringing content is not posted on its website, and that its platform is not used for selling counterfeit goods. If it has not made reasonable efforts in that direction, and counterfeiters register themselves on the Indiamart platform as sellers of genuine PUMA products by choosing the “Puma” option from the drop down menu, IIL cannot shrug away its participatory role in the exercise of counterfeiting and consequent infringement of the plaintiff’s registered trade mark.

38.13 Why, questions Mr. Narula, does IIL not provide, as the options in its drop down menu, “sports shoes” as a category, rather than providing individual reputed brand names? If it were to do so, then, perhaps, he submits, the liability for infringement would fall only on the counterfeiter, as the infringement, in that event, would exclusively



occur at the counterfeiter's end, with no participatory role by IIL whatsoever.

38.14 Rhetorical though the query undoubtedly is, it has merit. The Court cannot, quite obviously, dictate, to IIL, the choices that it seeks to provide in its drop down menu. It is entitled to take a decision in that regard in its best commercial interest, but it certainly cannot provide such choices as would provide a *carte blanche* for counterfeiting. Wagging a threatening finger at counterfeiters and infringers, in its Terms and Conditions, hardly suffices. In the absence of any truly effective check, it would be infantile to imagine that negative covenants, in the Terms and Conditions, or even an undertaking from the prospective seller, would even discourage, much less prevent, counterfeiting.

38.15 In para 137 of the judgment in *Google LLC*, the Division Bench holds that the use of a trade mark as a keyword in the Google Ads program, to seek out internet users as target for advertisements which they may find relevant is not actionable or illegal. There is, however, a fundamental difference between providing a trade mark as a keyword on the Google Ads program and providing the registered trade mark as one of the options in the drop down menu to a prospective seller on the Indiamart platform. Unlike the Google search engine, the Indiamart platform is not merely in the form of directory, but is an e-commerce website, across which goods are bought and sold. It may not be possible, therefore, to extend the observation contained in para 137 of the *Google LLC* to a case in



which, without the requisite checks and balances, IIL allows prospective sellers to register themselves, without ascertaining whether they are in fact genuine dealers of the goods bearing the concerned trade mark or mere counterfeiters.

38.16 Similarly, in para 138, the Division Bench in *Google LLC* has likened the placement of sponsored advertisements by advertisers taking advantage of the Google Ads program, alongside sites containing information about the owner of the trade mark used as an ad word by such sponsored advertisers, to a brick-and-mortar situation in which the competitor purchases shelf space next to competing goods of a well-known brand. In other words, if one were to apply para 138 to the Audi example already cited earlier, the Division Bench does not find anything illegal in Porsche and Lexus placing their ads in the SERP, alongside the search result which redirects to the genuine Audi webpage. This, according to the Division Bench, is merely a form of competitive advertising, which is permissible in law. It is for the consumer to choose among Lexus, Porsche and Audi. Providing him the option is not illegal, or infringing.

38.17 The situation that obtains in the present case is altogether different. Here, by making available Puma as a drop-down option to the prospective seller seeking to register himself on the Indiamart platform, IIL facilitates not only genuine sellers of Puma merchandise, but also counterfeiters in selling their products by masquerading as genuine Puma dealers. Thus, this is not a case in which two genuine competitors are being placed side by side. This is a case in which a



counterfeiter is managing, on account of the availability of Puma as a drop-down option, to peddle counterfeits as genuine Puma products. This is, therefore, a case of defrauding of consumers, unlike the situation envisaged in para 138 of *Google LLC*.

38.18 In para 139, the Division Bench observes that a balance must be struck, and that it is necessary to anchor the protection available to trade marks based on the core functions of a trade mark; both for the purposes of protecting the public as well as preserving the value of the trade mark. These twin considerations, of protecting the public and preserving the investment value of a trade mark, would certainly require the Court to be vigilant in ensuring that no such system is put in place as would facilitate counterfeiters to peddle their goods as genuine as, by such acts, public trust is imperilled and the investment value of the trade mark is completely eroded.

38.19 Towards the conclusion of para 139, the Division Bench observes thus:

“..... According to DRS, Google's activity in permitting others to bid for its trademark as keyword is an infringing activity. *Prima facie*, we are unable to accept the same. We find nothing illegal in Google using trademarks as keywords for display of advertisements if there is no confusion that the links or Ads displayed are not associated or related to DRS. If the Ad or link displayed does not lend itself to any confusion, DRS's grievance regarding use of its trademarks as keywords in the Ads programme is not actionable.”

In the above extracted portion of para 139, the Division Bench rejects DRS's submission that the very grant of permission by Google to



others to bid for DRS's trade mark AGGARWAL PACKERS AND MOVERS as a keyword was infringing.

38.20 The Division Bench holds that, “if there is no confusion that the links or ads displayed are not associated or related to DRS” and “if the ad or link displayed does not lend itself to any confusion”, the providing, by Google, of DRS's registered trade mark as one of the ad words on its Google Ads program was not actionable. This observation is of considerable importance in the facts of the present case. The Division Bench has impliedly distinguished between a situation in which the result that is displayed as a consequence of use of the keyword provided by the provider of the keyword lends itself to confusion, from a case in which it does not do so. Where a registered trade mark is provided as an available ad word on the Google Ads program, there is nothing to indicate that any confusion would result as a consequence, *as the advertisement which would be displayed would be of the advertiser who has selected the said ad word and not of the proprietor of the trade mark which is selected as the ad word.* There is, therefore, no likelihood of confusion whatsoever. Ergo, mere providing of the registered trade mark as an ad word which can be chosen by the advertiser is not, *per se*, infringing. In the present case, however, to use the words of the Division Bench themselves, *the link displayed a consequence of unchecked providing of the plaintiff's registered trade mark as a choice in the drop-down option to the prospective buyer does lend itself to confusion, as it enables counterfeiters and persons who are not genuine peddlers of Puma merchandise to represent themselves as genuine and thereby deceive*



consumers. Applying the logic contained in the closing sentences of para 139 of *Google LLC*, therefore, as the link provided in the form of the search option in the drop down menu on the Indiamart webpage lends itself to confusion, the providing of the link is itself an infringing act.

38.21 Paras 140 to 146, which follow, are not of particular relevance, as they deal with the cognitive faculties of the user who conducts the Google search, with whom we are not concerned.

38.22 In the present case, as I have pointed out, the situation is vitally different from that which obtains in the case of ad words provided in the Google Ads program. The likelihood of consumer deception which is practically nil in the case of the Google Ads program, is considerable as a consequence of IIL providing the plaintiff's registered trade mark as one of the drop-down options to a prospective seller seeking to register himself on the Indiamart platform.

39. Paras 148 to 164 of *Google LLC*

39.1 Paras 148 to 164 essentially deal with the aspect of "initial interest confusion" and DRS's contention that, as the initial impression that would be conveyed to the user of the Google Search Engine, as a result of the advertisements of the sponsored advertisers figuring alongside the advertisement of Aggarwal Movers and Packers would be misleading, initial interest confusion would occur and, consequently, Google's act would be infringing.



39.2 In the facts of the present case, there is really no occasion to invoke the “initial interest confusion” principle. The consumer seeking to purchase Puma products on the Indiamart platform is straightway confronted with the goods of various sellers holding themselves out to be genuine Puma merchandise. The confusion is not, therefore, merely initial, but continuing.

39.3 Nonetheless, paras 152, 156, 162 and 164 of the judgment of the Division Bench are relevant and applicable to the facts of the present case and may, therefore, be reproduced, thus:

“152. In such cases, if the SERP displays an advertisement, which the internet user is led to believe is associated with the trademark, which is entered as, or is a part of, the search query, the use of the trademark as keyword would infringe the trademark. This is notwithstanding that on accessing the website, the internet user realises that it is not the website which he intended to access and that the goods and services are not those as associated with the trademark which is keyed in as a search term or is a part, thereof. Although, there is no scope for any of the internet users being misled or deceived into entering into any transaction in relation to goods and services believing the same to be associated with the trademark, the use of the trademarks may be actionable. The courts, in such cases, found the use of meta-tags, which are similar to the trademarks, for deceiving or confusing the internet user to click on the web link as an infringement of the trademark and have accordingly interdicted the same.

156. The Doctrine of ‘Initial Interest Confusion’ has been applied where the courts have found material confusion albeit at an initial stage, resulting from the display of the use of meta-tags, keywords and domain names for reflecting results which are identical or similar to registered trademark. In cases, where the internet users are deceived, to access the websites other than the websites offering goods, services and information as may be



associated with the trademark, the use of the trademark in internet advertising may be actionable.

162. Under Section 29(2) of TM Act, a registered trade mark is infringed by a person who not being a registered proprietor or a person permitted to use the same, uses the mark which is identical or similar to the registered trade mark in respect of goods “*which is likely to cause confusion on the part of public or which is likely to have an association*” with the registered trade mark. Section 29 of the TM Act does not specify the duration for which the confusion lasts. The trigger for application of Section 29(2) of the TM Act is use of a mark, which would result in confusion or indicate any association with the registered trademark. Thus, even if the confusion is for a short duration and an internet user is able to recover from the same, the trade mark would be infringed. Once the applicability of Section 29(2) of the TM Act is triggered, it would be no defence to state that the interest user was not deceived in entering into the transaction and/or in fact, did ascertain that there was no association of the advertiser or its goods with the trademark.

164. Having stated the above, it is necessary to state that the use of the trademark as a keyword coupled with the display of a sponsored link must have real likelihood of confusion. Mere generation of interest in the sponsored link without any likelihood of confusion cannot be construed as infringement of a trademark. It is necessary to be careful to not conflate initial interest with the Doctrine of ‘Initial Interest Confusion’. Thus, sponsored links may be relevant to the search query and what the internet user is searching for. It may thus generate interest that would obviously not constitute infringement of a registered trademark under Section 29(2) of the TM Act, if there is no deception or confusion.”

39.4 The principles enunciated in the afore-extracted paragraphs from *Google LLC*, when apply to the facts of the present case, clearly make out a case of infringement. In para 152, the Division Bench has held unequivocally that, if the SERP displays an advertisement which the internet user is led to believe is associated with the trade mark entered by the user as a search query, the use of the trade mark as the



keyword would infringe the trade mark. Even if the user does not, as a result, conclude any transaction, the use of the trade mark as a search word would nonetheless be actionable. In the present case, the plaintiff has provided screenshots of actual duplicate and counterfeit Puma products being sold on the Indiamart website. It is also specifically averred, in the plaint, that on IIL being intimated of such fraudulent and counterfeit sales, the concerned listings were taken down. Evidence of actual counterfeiting is, therefore, forthcoming on record. This counterfeiting has been made possible because the counterfeiter has, from the options in the drop-down menu provided on the Indiamart platform at the time of registration, been able to select the plaintiff's trade mark as the appropriate choice. Applying the principle contained in para 152 of *Google LLC*, therefore, the use of the plaintiff's trade mark as a choice in the drop-down menu is *prima facie* infringing in nature. This is further emphasized by the observation, in para 156 of *Google LLC*, that "in cases where the internet users are deceived to access the website other than the website offering goods, services and information as may be associated with the trade mark, the use of the trade mark in internet advertisement may be actionable". Analogously, where internet users are deceived to purchase goods other than the genuine goods of Puma, as would be associated with the "Puma" trade mark, the use of the Puma trade mark by IIL is actionable.

39.5 The principles contained in paras 162 and 164 of *Google LLC* also make out, on these facts, a *prima facie* case of infringement by IIL, within the meaning of Section 29(2) of the Trade Marks Act.



40. Paras 165 to 172 of *Google LLC*

40.1 In paras 165 to 172 of *Google LLC*, the Division Bench has examined the aspect of infringement within the meaning of Section 29(4) of the Trade Marks Act, which envisages infringement as taking place when a person who is not a registered proprietor or permissible user of a trade mark uses an identical or similar trade mark in relation to goods and services which are not similar to those covered under the registered trade mark, as a result of which unfair advantage of the registered trade mark is taken or the distinctive character or repute of the registered trade mark is compromised. This provision would not apply as the goods, in respect of which the plaintiff's registered trade mark is provided as a drop down option and which are actually sold by the persons registering themselves on the Indiamart platform by using the said option, hold themselves out to be genuine Puma merchandise. They are, therefore, identical to, or similar with, the goods of the plaintiff.

40.2 In para 166, the Division Bench has proceeded further to hold thus:

“... However, the contention that use of trade marks, absent anything more, would amount to infringement of the trademark simply for the reason that the same is used to display advertisements, is erroneous. The use of trademarks as keywords in the Ads programme does not, per se, amount to without cause, taking an unfair advantage of the trademark; nor can be construed as detrimental to the distinctive character or repute of the trademark. Keywords are, essentially, used to identify the persons who may be interested in the sponsored Ads. Undoubtedly, Google and the advertisers draw certain advantage by using keywords,



which are similar to trademarks, in as much as they use the same to identify users, who are probably interested in the goods and services covered by the registered trademark. However, every advantage drawn by use of a trademark cannot be termed as drawing, unfair advantage of the trademark, without cause. As discussed above, identifying customers, who may be looking for goods or services of a particular brand, for offering them alternatives is not unfair”

40.3 In the afore-extracted sentences from para 166 of its judgment in *Google LLC*, the Division Bench has disabused the contention that mere use third party trade marks to display advertisements – through, in that case, the Google Ads program – would amount to infringement of the trade mark. It is further held that the use of trade marks as keywords in the Google Ads program does not, *per se*, amount to, without cause, taking unfair advantage of the trade mark; nor can it be construed as detrimental to the distinctive character or repute of the trade mark. Even if, by using the registered trade mark as an ad word on its Google Ads program, Google is identifying users who are interested in goods and services covered by the said trade mark, the consequence is only that such users are exposed to similar products which are advertised and placed before them along with the search results on the Google SERP. For this reason, the Division Bench holds that “identifying customers who may be looking for goods or services of a particular brand, for offering them alternatives is not unfair”.

40.4 These observations once again underscore the peculiar feature of the present case, vis-à-vis the facts which were before the Division Bench in *Google LLC* and the reason why, in the facts of the present



case, the impugned act of IIL in providing the registered trade mark of the plaintiff as a drop down option is *per se* actionable, objectionable and infringing. At the cost of repetition, the only consequence of providing, for example, “Audi” as an ad word on the Google Ads program is that other car manufacturers, such as Lexus and Porsche, who select “Audi” as the ad word, would be able to advertise their products whenever a consumer enters “Audi” as the search term in the Google search bar. All that happens, therefore, is that the Audi aficionado is provided with alternatives. This may result in greater competition for Audi and may ultimately result in the consumer preferring another brand instead of Audi. That by itself is not an actionable wrong, at least under the Trade Marks Act.

40.5 In the present case, in stark contrast, when a counterfeiter chooses Puma from the choices in the drop down menu, he is registered on the Indiamart platform as a genuine Puma dealer. The counterfeiter, thereby, manages to peddle counterfeit Puma goods as genuine goods. He, thereby, does irreparable damage to Puma’s registered trade mark, dilutes its brand value to a great extent and also deceives the consumer. The participatory role of IIL, in this process, cannot be ignored. Unlike the situation which obtained in Google LLC, therefore, by providing “Puma”, the registered trade mark of the plaintiff, as a drop-down option to the prospective seller, IIL has created a situation in which there is every likelihood of unfair advantage being taken of the plaintiff’s registered trade mark, in a manner which would be detrimental to its distinctive character and repute.



40.6 Para 169 of the decision in *Google LLC* further underscores this position, and reads thus:

“169. We are also unable to accept that the use of a trademark as keyword, absent any element of blurring or tarnishment of the trademark, is detrimental to the character or repute of the trademark. However, *if in a given case, the Ads displayed are found to be detrimental to the distinctive character or repute of the registered trademark, an action for infringement of the trademark would lie.*”

(Emphasis supplied)

40.7 The Division Bench has thus held, in the above passage, that if, in a given case, the ads displayed are found to be detrimental to the distinctive character and repute of the registered trade mark, an action for infringement would lie. This observation completely covers the present case, the plaintiff has placed on record actual instances where the counterfeit Puma products were displayed for sale on the IIL’s Indiamart platform, thereby causing detriment to the distinctive character or repute of plaintiff’s registered trade mark. Ergo, applying the principle laid down in para 169 of *Google LLC*, an action for infringement of the plaintiff’s trade mark lies.

41. Applying the principles in *Google LLC*, therefore, a *prima facie* case of infringement of the plaintiff’s registered trade mark, by the act of IIL in providing the plaintiff’s “Puma” trade mark as one of the drop down option to prospective sellers is found to exist.

42. The above findings answer all the contentions raised by Mr. Rao and noted in para 21 (*supra*) as distinguishing the facts of the



present case from the facts in *Google LLC*. The fact that IIL is not the competitor of the plaintiff is irrelevant. Though no amount may be charged by IIL from a user for choosing a suggested option from the drop-down menu, IIL definitely profits from the ultimate sale of the users' products on the IIL platform. It cannot, therefore, be said that IIL is working on a non-profit basis.

43. Insofar as contention (iv) in para 21 (*supra*) is concerned, the scales are in fact weighed against IIL, rather than its favour. While, in *Google LLC*, the only consequence of providing DRS's registered trade mark AGARWAL PACKERS AND MOVERS as one of the search words on the Google Ads program was that consumers who accessed the Google search engine for information on Aggarwal Packers and Movers were also provided with alternatives, the consequence of providing the plaintiff's registered "Puma" trade mark as one of the drop-down options on the Indiamart website is far more serious as it enables – even if it does not encourage – counterfeiters to peddle their products as genuine "Puma" products. As I have already observed, the "end" at which this option is provided, whether it is the backend, frontend or any place in between, is irrelevant.

44. As a result, a *prima facie* case of infringement within the meaning of Section 29(1), (2) and (4) of the Trade Marks Act, exists.

45. The doctrine of exhaustion



45.1 The doctrine of exhaustion, in the first place, finds no place in the Trade Marks Act, and the applicability of the doctrine in trade mark law in this country is, therefore, itself highly questionable, at least insofar as infringement is concerned. The right to assert trade mark rights, which stand statutorily conferred by Section 28(1), cannot, *prima facie*, be divested or even diluted save on grounds to be found in the Trade Marks Act itself. The Trade Marks Act is a self-contained statute regarding infringement of registered trade marks.

45.2 That apart, where the act of IIL is aiding counterfeiters, and providing an open field for counterfeiters to sell counterfeit goods of the plaintiff, the doctrine of exhaustion, which is predicated on honest exploitation of the mark, is *ipso facto* inapplicable.

46. Re: Issue (ii) – entitlement of IIL to safe harbour under Section 79

46.1 This aspect is also fully covered by the judgment in *Google LLC*. Paras 181 to 186 of the report deal with the entitlement of Google LLC to safe harbour under Section 79. Of these, paras 182 to 186 merit reproduction thus:

“182. Whilst it is undisputed that an intermediary is not liable for any third-party information, data or communication link available or hosted by it in terms of Section 79(1) of the IT Act, the said exemption is not available if the function of the intermediary is not limited to merely providing access to the communication system over which information made available a by third-party is transmitted or hosted. The safe harbour is also not available to the intermediary if he selects the receiver of the transmission. Further, the exemption is provided if the intermediary observes due diligence while discharging its duties under the IT Act.



183. Sub-section (3) of Section 79 of the IT Act also makes it amply clear that restriction of liability is not available where an intermediary has conspired, abetted, aided or induced the commission of an unlawful act. The limitation of liability under Section 79(1) of the IT Act is lifted if an intermediary fails to expeditiously remove or disable access to the material on receiving actual knowledge that the information controlled by the intermediary is being used to commit an unlawful act.

184. In the facts of the present case, the allegations of infringement are in relation to the Ads Programme which is run by Google. Prima facie, Google is an active participant in use of the trademarks of proprietors and was selecting the recipients of the information of the infringing links.

185. *Undisputedly, the trademarks are monetized by Google by using the same as keywords for displaying the paid Ads on the SERP. In one sense, Google effectively sells the use of the trademarks as keywords to advertisers. Prima facie, it encourages users for using search terms, including trademarks, as keywords for display of the Ads to the target audience. Given the aforesaid allegations, it is difficult to accept that Google is entitled to exemption under Section 79 of the IT Act from the liability of infringement of trademarks by its use of the trademarks as keywords in the Ads Programme. It can hardly be accepted that Google can encourage and permit use of the trademarks as keywords and in effect sell its usage and yet claim the said data as belonging to third parties to avail an exemption under Section 79(1) of the IT Act. Prior to 2004, Google did not permit use of trademarks as keywords. However, Google amended its policy, obviously, for increasing its revenue. Subsequently, it introduced the tool, which actively searches the most effective terms including well known trademarks as keywords. It is verily believed that in the year 2009 Google estimated that use of trademarks as keywords would result in incremental revenue of at least US Dollar 100 million. Google is not a passive intermediary but runs an advertisement business, of which it has pervasive control. Merely because the said business is run online and is dovetailed with its service as an intermediary, does not entitle Google to the benefit of Section 79(1) of the IT Act, in so far as the Ads Programme is concerned.*

186. We concur with the *prima facie* view of the learned Single Judge that the said benefit would be unavailable to Google if its alleged activities are found to be infringing DRS's trademarks.”



46.2 The italicised words in paras 184 and 185 of Google LLC *prima facie* apply to IIL as well, in view of the findings already returned hereinabove.

46.3 Besides, Rule 3(1)(b)(iv) of the IT Rules requires every intermediary to make reasonable efforts to cause users of its computer resource not to host, display or upload any information that infringes any patent, copyright or other proprietary rights. This requirement having been cautiously inserted in October 2022, has to be given a strict interpretation. Strict adherence and compliance with the requirement are mandatory. Rule 3(1)(b)(iv) of the IT Rules has to be read alongside Section 79 of the IT Act. While sub-section (1) of Section 79 insulates an intermediary from third party information, data or communication links made available or hosted by it, sub-section (2) sets out the circumstances in which this protection would be available and sub-section (3) sets out the circumstances in which this protection would not be available. Both these provisions *prima facie* augur against IIL in the present case. Section 79(2) stipulates the three circumstances in clauses (a), (b) and (c) thereof, in which Section 79(1) would apply. Of these, clauses (a) and (b) are separated by the conjunction “or”, whereas there is no conjunction between (b) and (c). One presumes, however, that clauses (b) and (c) are also to be deemed as having been separated by the conjunction “or”. This indicates that it is not necessary that all the three clauses (a) to (c) must simultaneously apply for Section 79(1) to apply and that Section



79(1) would apply if any one of the three clauses (a) to (c) of Section 79(2) is applicable.

46.4 In the present case, however, none of the three clauses (a) to (c) of Section 79(2) applies.

46.5 IIL's function is not limited to providing access to the communication system over which the information made available by the consumers who use the Indiamart platform is transmitted, stored or hosted. The sellers actually effect sale of their products across the Indiamart platform of IIL, and IIL pockets a part of the proceeds of such sales. The function of IIL, therefore, much transcends mere "providing" of "access". Clause (a) of Section 79(2) is, therefore, not applicable.

46.6 Clause (b) would also not apply, as by providing select trade marks of reputed brand owners as options in its drop-down menu, to prospective sellers, IIL effectively initiates and selects the receiver of the transmission. The findings in *Google LLC* also support this conclusion.

46.7 Clause (c) of Section 79(2) is also not applicable as IIL has clearly not observed due diligence while discharging its duties under the IT Act. A mere incorporation, in its terms and conditions of use, or the requirement of an undertaking being required to be given by the prospective seller that he would not be infringing any intellectual property right of third party, is hardly due diligence. There is no



inquiry conducted by IIL regarding the genuineness of the sellers who peddle their wares on its platform. All that is sought, from the prospective seller, are his statistical details such as his name, email ID, phone number and the like. As Mr. Narula has correctly pointed out, even furnishing of GST/PAN number is not mandatory. IIL has not, in its written statement, drawn attention to any step that it takes to verify the genuineness, credibility or antecedents of the prospective sellers. It cannot be said, therefore, that any diligence is shown by IIL, much less due diligence.

46.8 None of the conditions envisaged in Section 79(2), which are prerequisites for Section 79(1) to apply, are, therefore, fulfilled.

46.9 Section 79(3) states that Section 79(1) would *not* apply if the intermediary has conspired, abetted, *aided* or induced, whether by threats or promise *or otherwise* in the commission of unlawful act. There may be no positive evidence to indicate conspiracy, abetment or inducement by IIL in peddling the counterfeit goods on its website. However, by allowing the prospective seller to register themselves without any prior verification, it can *prima facie* be said that IIL has *aided* commission of the unlawful act of counterfeiting, using its platform as a springboard for the purpose. Aiding is a step before abetting. Providing an avenue for counterfeiting is also, *prima facie*, aiding in the misdemeanour. P. Ramanatha Aiyar, in his classic Advanced Law Lexicon (6th Edition), distinguishes between “aiding” and “abetting” thus:



“Distinguished from *abet*; *abet* imports a necessary criminality in the act abetted. “Aid” by itself has no such significance. “Aid” or assistance is the doing of some act *whereby the party is enabled, or it is made easier for him, to do the principal act, or effect some primary purpose.*”

By this token, the providing of “Puma shoes” as a drop down option to the prospective seller *prima facie aids* the seller in his counterfeiting design. As IIL has, therefore, *prima facie* aided the commission of the unlawful act of counterfeiting and infringement, it cannot claim the benefit of safe harbour under Section 79(1).

46.10 For all these reasons, IIL cannot claim “safe harbour” protection under Section 79 of the IT Act.

47. An empirical view

47.1 In the ultimate eventuate, the *raison d’etre* of the Trade Marks Act is protection of the intellectual property that resides in trade marks and ensuring that customer confusion is avoided. These considerations must inform and govern the decision of any Court which is seized with a challenge alleging infringement of a trade mark, or passing off. E-commerce websites are commercial ventures, and are inherently profit oriented. There is, of course, nothing objectionable in this; but, while ensuring their highest returns, such websites have also to sedulously protect intellectual property rights of others. They cannot, with a view to further their financial gains, put in place a protocol by which infringers and counterfeiters are provided



an avenue to infringe and counterfeit. Any such protocol has to meet with firm judicial disapproval.

47.2 There is nothing inherently illegal in IIL providing a drop down menu from which prospective sellers, on the Indiamart platform, can select the brand which they intend to sell. If, however, there are not, in place, sufficient checks and balances to prevent counterfeiters from misrepresenting themselves as genuine sellers, the protocol cannot withstand judicial scrutiny. Given the intent and purpose of the Trade Marks Act, and the need to protect intellectual property rights, IIL can hardly be allowed to maintain a defence that they have no participatory role to play in the process. Rule 3(1)(b)(iv) of the IT Rules entirely forecloses this defence. The provision also forecloses, to IIL, the defence that it promptly takes down any infringing listing, which is brought to its notice. Rule 3(1)(b)(iv) requires the intermediary to take reasonable steps to ensure that the use of its consumer resource *does not post* any infringing listing. There is obviously no use in closing the stable doors after the horses have bolted. An e-commerce platform cannot become a haven for infringers. Men are not angels. Where easy money is visible, the conscience at times takes a nap.

47.3 The injunction granted by this order does not, however, have to continue *ad infinitum*. IIL can well seek modification, or even vacation, of the order, if it can demonstrate to the Court that it has put, in place, sufficient regulatory and protective measures to render impossible abuse of the Indiamart platform by counterfeiters. Till



then, however, the present position, in which there is rampant counterfeiting – or even the possibility of it – on the Indiamart platform, cannot be allowed to continue.

The Sequitur

48. As a result, the plaintiff has been able to make out a *prima facie* case of infringement by IIL of the plaintiff's Puma trade mark as would justify it to an injunction as sought.

49. As the issues in controversy stand fully answered by the judgement of the Division Bench in *Google LLC*, which is binding on me and deals with a largely similar issue even on facts, I have not deemed it necessary to advert to the other authorities cited at the bar.

Conclusion

50. Resultantly, pending disposal of the suit, the defendant shall stand restrained from providing any of the registered trade marks of the plaintiff, including PUMA, in respect of any goods whatsoever, as search options in the drop down menu presented to prospective sellers at the time of their registration on the Indiamart platform. The defendant shall also forthwith take down all infringing listings containing any of the plaintiff's registered trade marks, relating to goods being sold on its Indiamart platform, on the plaintiff bringing the listings to its notice.



51. IA 15564/2021 stands allowed accordingly.

JANUARY 03, 2024

dsn/rb

C. HARI SHANKAR, J.