Form No: HCJD/C-121

ORDER SHEET

IN THE ISLAMABAD HIGH COURT, ISLAMABAD.
JUDICIAL DEPARTMENT.

Civil Miscellaneous Appeal No.383/2024

Sheikh Nazir Ahmed

Versus

Muhammad Azeem

S. No. of order/ proceedings	Date of order/ Proceedings	Order with signature of Judge and that of parties or counsel where necessary.
	22.10.2024	M/s Muhammad Tariq Malik and Rifaqat Islam Awan, Advocates for the appellant. Mr. Akbar Khan, Advocate for the respondent.

This appeal calls in question order dated 06.05.2024, whereby in the suit filed by the appellant, request for interim relief was turned down.

2. The facts, in brief, are that the appellant is the owner of the Trade Mark 'Kohinoor Fair Price Shop' which is registered under the Trade Mark No.384917 Class-35, hence has acquired rights in the same. The respondent is running a shop under the name and style of 'Kohinoor Fabrics' and is selling products under the same umbrella. The referred facts led the appellant to file a suit against the respondent. Alongwith the suit, application under Order XXXIX Rules 1&2 CPC was filed restraining the respondent from using the name and style of Kohinoor Fabrics, however, the referred application was dismissed vide the impugned order dated 06.05.2024, hence the appeal.

3. Learned counsel for the appellant, *inter alia,* contended that since the appellant is the proprietor of the trade mark 'Kohinoor Fabrics', hence he is entitled to use the same

exclusively. In this regard, learned counsel drew attention of the Court towards registration of the referred trade mark vide certificate dated 30.03.2015, whereby Kohinoor Fabrics with diamond shape logo has been registered in his name. It was contended that the effect of registration of the trade mark is that the appellant has exclusive rights to use the same and the respondent is debarred from using. In support of his contention, learned counsel placed reliance on *Pioneer Cement Limited versus Fecto Cement Limited and 3 others (2013 CLD 201)*.

4. Learned counsel for the respondent, *inter alia*, contended that the respondent is prior user of the name and style of Kohinoor Fabrics. It was also contended that the respondent only is using the word 'Kohinoor' which is not really a trade mark registered; rather the word 'Kohinoor Fabrics' with logo has been registered. It was contended that the respondent is using 'Kohinoor Fair Price Shop' and only the word 'Kohinoor' is common which is a general name and cannot form basis for that the respondent has used that name. In support that the respondent is prior user and is entitled to use the trade mark, learned counsel for the respondent placed reliance on *Telephone Soap versus M/s. Lever Brothers (1994 CLC 2135)* and *Al-Karam Textile Mills (Pvt) Limited versus Mehtab Chawala and 3 others (2007 CLD 966)*. Learned counsel contended that the law with respect to infringement was laid down by Sindh High Court in *Soneri Travel and Tours Ltd. versus Soneri Bank Limited (2011 CLD 193)*, *Malik Muhammad Rafiq Awan versus Javad Iqbal and others (2012 CLD 905)*, *Novartis AG versus*

Nabiqasim Industries (Pvt) Limited (2015 CLD 1162) and *Rupali Polyester Limited versus Baba China Builders and Developers and 6 others (2014 CLD 1601)*.

5. Submissions of the parties have been heard and the documents placed on record examined with their able assistance.

6. The grievance of the appellant has been mentioned hereinabove which is to the effect that the respondent must be restrained from using the name of Kohinoor with respect to his trade mark, namely 'Kohinoor Fair Price Shop' on the basis that he has registered trade mark in the name and style of 'Kohinoor Fabrics'. It is pertinent to mention that the common name in the referred backdrop is 'Kohinoor'. The Division Bench of Sindh High Court in *Soneri Travel and Tours Limited versus Soneri Bank Limited (2011 CLD 193),* considered the essentials to be fulfilled for proof of infringement of the trade marks. In this regard, the relevant principles were laid down and discussed in the following terms:-

> *"11. Section 40 deals with what constitutes infringement of a trade mark. Subsections (1) to (3) were, quite correctly, not pressed by learned counsel for the respondent, since they are applicable only where the infringing mark is used in relation to goods and services which are identical with, or similar to, or of the same description as, those in respect of which the trade mark is registered. In the present case, the field of activity of the appellant and the respondent, and the goods and services in which they deal, are neither identical nor similar nor of the same description. Learned counsel based his case on subsections (4) and (5), which provide as follows:-*
>
> > *"(4) A person shall infringe a registered trade mark if the person uses in the course of trade a mark which—*
> >
> > *(a) is identical with or deceptively similar to the trade mark; and*

(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered;

where the trade mark is a well-known trade mark, or has a reputation in Pakistan, and the use of the mark, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark. (emphasis supplied).

(5) A person shall infringe a registered trade mark if the person uses such registered trade mark as his trade name or part of his trade name."

Since the foregoing provisions embody legal concepts not to be found as such in the 1940 Act, cases decided under that law may not provide the necessary guidance as to how these subsections are to apply. Furthermore, these subsections relate to different situations of infringement, and therefore each will have to be analyzed separately to see whether and if so how, and to what extent, the respondent's case thereunder is made out. We turn therefore to first examine the provisions of subsection (4).

12. As is clear, this subsection applies when the infringing mark is used in relation to goods or services dissimilar to those for which the trade mark being infringed was registered. In our view, subsection (4) (insofar as is presently relevant) applies if all of the following conditions are fulfilled:-

(a) the defendant must "use" a "mark" "in the course of trade";
(b) the mark so used must be either (i) identical with, or (ii) deceptively similar to the registered trade mark;
(c) the mark must be used in relation to goods and services not similar to those for which the trade mark is registered;
(d) the trade mark must have a reputation in Pakistan;
(e) the use of the mark must be without cause; and
(f) such use must either (i) take unfair advantage of, or (ii) be detrimental to the distinctive character or the repute of the registered trade mark.

Section 2(xxiv) defines a "mark" broadly, as including "a device, brand, heading, label, ticket, name including person name, signature, word, letter, numeral, figurative elements, colour, sound or and combination thereof. Since it is the proprietor of the trade mark (i.e., the plaintiff) who is seeking relief on the basis of an alleged infringement, it is for him to satisfy the court that all of the conditions are fulfilled, except possibly condition (e), the onus of which may lie on the defendant. We now examine those conditions which are of particular relevance for present purposes.

13. The first question arises out of condition (a), namely, in what sense must the "mark" be "used" "in the course of trade" to come within the meaning of subsection (4)? In other words, is any and every use of a mark in the course of trade proscribed, or is the scope of subsection (4) limited to a certain or particular type or manner of use? We may note that subsections (1) to (3) of section 40 also use the same words (i.e., the "use" of a "mark" "in the course of trade") and this question is therefore of general relevance to section 40 as a whole. To put the matter in concrete terms, would the use by the appellant of the word "Soneri" as part of its company name in and of itself constitute the "use" of a "mark" "in the course of trade"? To answer this question reference will have to be made to certain decisions of the European Court of Justice ("ECJ") and a decision of the House of Lords, but in order to place those decisions in their proper context, the relevant provisions of EU trade mark law and British legislation will have to be briefly referred to.

14. The relevant EU legislation is contained in Council Directive 89/104/EEC (hereinafter referred to as the "EU Directive"). Article 5 of the EU Directive deals with the rights conferred by a trade mark, and paragraphs 1 and 2 of this Article provide as follows:--

> *"(1) The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:*
>
> *(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;*
>
> *(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.*
>
> *(2) Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is*

detrimental to, the distinctive character or the repute of the trade mark."

It will be seen that both of the foregoing paragraphs speak of a "sign" being "used" "in the course of trade". The word "sign" is perhaps of even wider import than the word "mark" as used in the 2001 Ordinance. Paragraph 2 is clearly in pari materia subsection (4) of section 40. The relevant British legislation is the Trade Marks Act, 1994 ("UK Act", which was enacted, in part, to bring UK legislation in line with the EU Directive). Section 10(3) of the UK Act provides as follows:

"A person infringes a registered trade mark if he uses in the course of trade in relation to goods or services a sign which -- (a) is identical with or similar to the trade mark, ... where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark."

It will be seen that the UK legislation also uses the same language as the EU Directive, and section 10(3) is in part materia section 40(4) of the 2001 Ordinance. In the light of these provisions, we now turn to consider how the ECJ and the House of Lords have dealt with the question posed in the last preceding para in relation to condition (a).

Similarly, in *Malik Muhammad Rafiq Awan versus Javad Iqbal and others (2012 CLD 905)*, the Lahore High Court observed as follows:-

"3. The statutory test for infringement is laid down in section 40 of the Trademarks Ordinance, 2001. If the objected trademark is identical or deceptively similar to the registered trademark and is used in relation to goods or services identical with or similar to the goods or services for which trademark is registered, then there is a case for infringement. In the present case evidence has not yet been recorded. The respondents deny that their restaurant adjoining appellant's restaurant was ever called "Fazl-e-Haq Family Restaurant". It is further explained that to establish bona fides, during the course of hearing, the respondent has changed the format of its name on the signboard. The words "Fazl-e-Haq" are now displayed in larger size so as to undo the effect of word Dera as a distinct name.

4. Learned counsel for the appellant has relied on Jamia Industries Ltd. v. Caltex Oil (Pak.) Ltd. and another (PLD 1984 SC 8) and Messrs Mehran Ghee Mills (Pvt.) Limited and others v. Messrs Chiltan Ghee Mill

(Pvt.) Limited and others (2001 SCMR 967) to support his case. The upshot of the precedents is that similarity between the trademarks adopted by the, contesting parties should be such as to create reasonable confusion and deception in the mind of as unwary purchaser.

5. Evidence has yet to be recorded in the present case on whether there is sufficient basis for confusion and deception to be inferred in the facts of the case. However there is merit in the appellant's contention that the two establishments being located adjacently, the respondent's restaurant on account of common word in its name has a likelihood of attracting/diverting customers away from the appellant's restaurant. Accordingly, for the reason of proximity between the two establishments there is a likelihood that word Dera in the name of respondent's restaurant would cause confusion and deception among customers. Photograph of the latest signboard installed outside the respondent restaurant during the course of the proceedings as a step to demonstrate bona fides, has been placed on record. It does not minimize the effect of the name "Dera" which is written in large size but in a font that is different from the one used for the name of "Fazl-e-Haq".

6. In the circumstances and for the purpose of interim relief the said notification adopted by the respondent is not satisfactory. Consequently, the respondents are not allowed to use the word Dera distinctly from the name of Fazl-e-Haq either in terms of its placement on the signboard of the restaurant or by a different font used therefor."

In *Novartis AG versus Nabiqasim Industries (Pvt) Limited (2015 CLD 1162)*, it was observed as follows:-

"The question that needs to be decided through these proceedings is the similarity and deceptiveness in the words "Lescol" and "Descol". The plaintiffs have brought this suit for permanent injunction restraining the defendants from using the alleged deceptive trademark which allegedly infringes the rights of the plaintiff. The main grounds of the plaintiff are that the two names "Lescol", and "Descol" are phonetically similar and as such the products of the defendants are likely to pass off as that of plaintiff's product. These are pharmaceutical and medicinal products and the ultimate tests as to whether mark used by the defendant as a whole deceptively similar to that of a registered mark of the plaintiff to me carries an additional step of prescription of doctor and pharmacist and only on this account it distinguishes from other goods for the simple reason that it is not choice of the patient or

a consumer who may be deceived of its deceptive name if at all is. It is rather based on prescription of a doctor whose expert opinion would play an important factor in recommending the medicines. No doubt the general test for judging case for infringement and/or passing off remains the same when applied to the medicines and pharmaceutical, the additional features however are that they are sold on a prescription of a doctor by a Pharmacist who has special knowledge and special eye in this regard and chances of deception on such score would be least. As observed above that while dealing the trademark in relation to the medicines this special significance is attached that the person who is prescribing the medicines and person who is dealing and offering the medicines are specialist and are meant to protect passing of such medicines available at the shop. It is also matter of fact that the sate of these medicines are carried out by authorized or licensed persons.

No doubt that partially phonetically the two trademarks that are being used are similar and apart from all such general tests prescribed for judging similarity and deceptiveness it is to be seen on the touchstone of principle as laid down insofar as these pharmaceutical products are concerned that the assigned names are on the basis of generics. In the instant case the claim only relates to phonetic similarity of the word "Col". However prefix to this suffix is different i.e. "Les" and "Des". However exclusiveness is being claimed insofar as the entire word is concerned The word "Col" is in the field and is being a generic word and the prefix apparently is not similar and hence insofar as these generic words are concerned no one can claim any' proprietary right to its exclusive use.

The similar question was raised in the case of Lipha Lyonnaise Industrielle Pharmaceutique v. Registrar of Trade Marks and another reported in 2009 CLD 1289. Dealing with the words "Glucophage" and "Gluconorm", the Court while dealing in the similar circumstances has held that these products are being sold on the prescription of a doctor and hence there could not be a chance of buyer and user being misguided or confused by such similarities. It was observed that the abbreviation such as "Gluco" has now been considered as a public juris hence only for the reason that it has common suffix will not amount to any infringement as claimed by the plaintiff.

Similarly in the case Bayer A.G. v. Macter International (Pvt.) Limited (2003 CLD 794) a similar question arose as to whether rival marks such as "Ciproxin", "Ciproquine" and "Ciprocide" have a deceptive character in terms of pronunciation and visual resemblance.

The learned Single Judge held that phonetically word; "Xin", "quine" and "cide" being totally dissimilar are not going to create any confusion in the minds of user specially when it is presented with different label, design, getup and colour scheme and learned Single Judge observed that there is no phonetic or visual resemblance. Moreover, nobody can claim exclusive right to use any abbreviation which has become public juris.

In the instant case claim of the plaintiff is not on the entire word or design or getup but on the phonetic similarity between the two marks of the plaintiff and defendant, which is only partial as apparently a prefix to the suffix is different in spelling. The marks are also to be seen with complete getup, colour scheme, design and printing, which is very different, nor it is claimed to be similar as only phonetic similarity in words are challenged."

Likewise, in *Rupali Polyester Limited versus Baba China Builders and Developers and 6 others (2014 CLD 1601)*, the Sindh Lahore Court, after discussing the law on the subject, observed as follows:-

"17. It is to be noted that the 2001 Ordinance appears to be modeled fairly closely on the UK Trade Marks Act, 1994 ("UK Act"). Sections 3 and 47 of the UK Act are in pari materia sections 14 and 80 of the 2001 Ordinance. Subsection (6) of section 3 is in exactly the same terms as subsection (4) of section 14. The leading authority in English law in respect of section 3(6) is the decision of the Court of Appeal reported as Harrison v Teton Valley Trading Co. Ltd. [2004] EWCA Civ 1028, [2005] FSR 10. The test formulated by the Court for determining whether the application was made in bad faith has been expressed as follows in a well known and authoritative treatise, Kerly 's Law of Trade Marks and Trade Names, 14th ed., 2005 (hereinafter Kerly):--

> *"Before there can be a finding of bad faith, it must be established that the applicant's conduct in filing the application fell short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined and that the applicant himself realized that by those standards his conduct fell short." (para 8-275)*

The decision of the Court of Appeal has been followed in other common law jurisdictions: see, e.g., the Federal Court of Australia in Fry Consulting Pty Ltd v Sports Warehouse Inc. (No. 2) [2012] FCA 81 and the Singapore Court of Appeal in Valentino Globe BV v. Pacific Rim

Industries Inc. [2010] SGCA 14. In my view, it ought also to be regarded as the correct test to apply while considering subsection (6) of section 14 and its formulation as stated in Kerly can be adopted. The learned editors of Kerly place the decisions on section 3(6) of the UK Act into three broad categories (see para 8-282), and go on to suggest in para 8-289 certain other situations, not yet arisen for decision, in which bad faith could be found. One possible situation is the following: "The applicant has no present or fixed intention to use the mark, but wishes to stockpile the mark for use at some indeterminate time in the future" (para 8-290).

18. It will be seen that the ground taken by the contesting defendants is essentially as stated in Kerly in the passage just cited, though perhaps the defendants would put their case even more strongly the plaintiff never had any intention at all to use the trademark "Rupali" in relation to classes 16, 36 and 37. I have carefully considered the matter. It is clear from the case-law that a finding of bad faith must not be lightly made. Thus, in Royal Enfield Trade Marks [2002] RPC 24, it was observed as follows (at [31]):--

> *"An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not lightly be made ... and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts .... In my judgment precisely the same considerations apply to an allegation of lack of bad faith made under section 3(6) It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference."*

In my view, the case put forward by the contesting defendants has not come up to the requisite standard as regards establishing bad faith on the part of the plaintiff in applying for registration of the "Rupali" name in classes 16, 36 and 37, as would make section 14(4) and hence section 80(1) applicable. However, at the same time it cannot be denied that there could, prima facie, be an element of "stockpiling" in the making of the applications in respect of these classes. Even if bad faith has not been established, it does appear prima facie to be the case that good faith was lacking when the plaintiff applied for registration in the aforementioned classes. This is all the more so when it is kept in mind that applications were made in all the classes, in apparent disregard of whether they related to any existing business of the plaintiff or to a business that could be regarded as reasonably relatable thereto, or a business for which it had the legal capacity in terms of its memorandum of association, or a business that

> *could fairly be regarded as being in its contemplation within a reasonable timeframe. Therefore, while I deny the defendants application under section 80, I am of the view that the foregoing discussion and analysis constitutes, in the facts and circumstances of the case, another reason why the plaintiff should be denied interim injunctive relief in the discretion of the Court."*

The Lahore High Court in *Pioneer Cement Limited versus Fecto Cement Limited and 3 others (2013 CLD 201)* observed that prior user and proprietor of an unregistered trademark cannot form basis for claiming any right against a registered trademark. It is also an accepted fact that it is not the entire registration of the trade mark which the respondent is using but only using one of the names; could it be deceptive or passing off amounts to the same was discussed by the Supreme Court of Pakistan *Messrs Tabaq Restaurant versus Messrs Tabaq Restaurant (1987 SCMR 1090)*. The Supreme Court in the referred decision after discussing the relevant case law described the passing off action as a case of infringement of trade mark coupled with passing off, the trade mark being unregistered or registered.

7. Learned Trial Court while deciding the question has not taken into account the provisions of section 40 the Trade Marks Ordinance, 2001 to see whether any infringement of trade mark was made out in the facts and circumstances, rather in dismissing the application filed by the appellant has solely relied on the case of *1987 SCMR 1090 supra* which pertains to the case under repealed Act of 1940. The concept of infringement of trade mark was introduced though the Ordinance of 2001. The trial Court ought to have considered the elements provided

therein which also has been dismissed by the Sindh High Court in *(2011 CLD 193)* supra.

8. In the referred facts and circumstances and the law on the subject, impugned order is not tenable, hence appeal is **allowed** and impugned order dated 06.05.2024 is **set-aside**; consequently, application for interim relief, filed by the appellant, shall be deemed to be pending before the trial Court and be decided on the basis of relevant law on the subject.

(CHIEF JUSTICE)

M. Shah /*

Approved for Reporting.