

**2022 C L D 615**

**[Supreme Court of Pakistan]**

**Present: Maqbool Baqar and Sayyed Mazahar Ali Akbar Naqvi, JJ**

**MUHAMMAD MULTAZAM RAZA---Petitioner**

**Versus**

**MUHAMMAD AYUB KHAN and others---Respondents**

Civil Petition No. 3795 of 2021, decided on 8th November, 2021.

(Against the judgment dated 26.02.2021 of the Islamabad High Court, Islamabad passed in F.A.O. No. 57 of 2020)

**(a) Intellectual Property Organization of Pakistan Act (XXII of 2012)---**

----Ss. 17(4), 18 & 39---Trade Marks Ordinance (XIX of 2001), Ss. 24(5) & 40--- Civil Procedure Code (V of 1908), O. VII, R. 10---Co-ownership of trademark--- Infringement of registered trademark---Passing off---Intellectual Property Tribunal ('the Tribunal'), jurisdiction of---One of the co-owners (respondent) of the registered trademark "Ranchers", without consent of the other co-owner (petitioner) entered into a tripartite Joint Venture Agreement (JVA) and allowed use of the registered trademark "Ranchers"---Petitioner contended that his partnership firm with the respondent could not have participated in the said JVA without the consent of the petitioner; that by having agreed to extend to a third party, the right of master franchising "Ranchers" unilaterally, and without the consent of the petitioner, the third party had clearly infringed the registered trade mark jointly owned by the petitioner and respondent, against the clear restriction imposed by subsection (5) of section 24 of the Trade Marks Ordinance, 2001 ('the Ordinance 2001'); that respondent and the third party had incorporated a Private Limited Company by the name of "Ranchers Cafe (Pvt.) Ltd.", mainly for the same business as was being conducted by partnership of petitioner and respondent under its trade mark "Ranchers"; that use of the trade mark/name, "Ranchers", by the said company, would create an impression and lead to a belief that the entity was not different from, "Ranchers" jointly owned by the petitioner and respondent, and such would amount to passing off the trade mark registered in the name of the partnership---Tribunal returned the plaint under Order VII, Rule 10, C.P.C., on the grounds that since the trade mark had not been physically used by the third party in the course of trade, the suit was not maintainable within the meaning of section 46(1) & (2) of the Ordinance 2001, and that since the dispute was between the respondent and petitioner, as co-owners of a trade mark, any violation of section 24(5) read with section 69 of the Ordinance 2001 could not be agitated before the Tribunal---Held, that respondent without the petitioner's consent granted master franchise rights in respect of the subject trade mark to the third party, which was clearly violative of section 24(5) of the Ordinance 2001 and clearly entitled the aggrieved co-proprietor i.e. the petitioner to initiate infringement proceedings-

--Furthermore use of the name "Ranchers Caf (Pvt.) Ltd." by the company incorporated by the respondent and a third party was clear infringement of the trade mark "Ranchers" as described/explained by section 40 of the Ordinance 2001---Both acts complained of by the petitioner before the Tribunal had in clear terms been described by sections 24 & 40 of the Ordinance 2001, respectively, as infringement of registered trademark and as provided therein were actionable thereunder---Petitioner's case thus undoubtedly fell within the exclusive jurisdictional ambit of the Tribunal as laid down by sections 17, 18 & 39 of the Intellectual Property Organization of Pakistan Act, 2012 ('IPO Act 2012')---Petition for leave to appeal was converted into appeal and allowed, and the case was remanded to the Tribunal to proceed in accordance with law.

**(b) Trade Marks Ordinance (XIX of 2001)---**

----Ss. 24 & 40---Infringement of registered trademark---Passing off---Scope---Use of trade mark can also be attributed to the person who has got to the stage where he can be seen objectively to have committed himself to use the mark that is to carrying his intension to use the mark into effect---Use of trade mark can therefore be demonstrated also through the intention to offer the goods and services and/or services which are manifested through preparatory steps which show an objective commitment to using the trade mark.

**(c) Intellectual Property Organization of Pakistan Act (XXII of 2012)---**

----Ss. 17(4) & 18---Trade Marks Ordinance (XIX of 2001), S. 40---Infringement of registered trademark---Passing off---Intellectual Property Tribunal ('the Tribunal'), jurisdiction of---Passing off action may either be a passing off action simplicitor or an action of infringement of trade mark coupled with passing off---Where the case of passing off action is based on infringement of trade mark, such suit shall necessarily require determination of the question whether there had been any infringement of the trade mark and where infringement of trade mark is alleged the suit must, in view of sections 17, 18 & 39 of the Intellectual Property Organization of Pakistan Act, 2012, be instituted before the Tribunal notwithstanding that the allegations in the suit were coupled with the allegation of passing off.

Afnan Karim Kundi, Advocate Supreme Court and Syed Rifaqat Hussain Shah, Advocate-on-Record for Petitioner.

Zia ur Rehman Tajik, Advocate Supreme Court and M. Sharif Janjua, Advocate-on-Record for Respondents.

Date of hearing: 8th November, 2021.

**ORDER**

**MAQBOOL BAQAR, J.**---Through the impugned judgment dated 26.02.2021, a learned Judge of the Islamabad High Court has dismissed the petitioner's FAO against the order passed by the Intellectual Property Tribunal ("the tribunal"), whereby the

tribunal returned the petitioner's plaint in Suit No.1 of 2020, filed against the infringement of a registered trademark "Ranchers", for perpetual injunction restraining the defendants from using the said trademark, as trade name of respondent No.3, and for a preliminary decree of Rs.10 million for causing loss, injury and damage to the goodwill and reputation of the registered trademark of the petitioner and for rendition of accounts by the respondent for the profits wrongfully made by them from the unlawful use of "Ranchers" without the consent of the petitioner, and for a decree for payment of the amount that may be found due upon taking accounts under the preliminary decree, as being not maintainable before the tribunal.

2. It was averred that the petitioner and respondent No.1 entered into a partnership agreement to conduct business of promoting, developing and managing international franchises. A partnership firm was thus formed and registered by the name of Zakori International ("Zakori International"). Zakori International is currently operating two successful brands in Pakistan namely "Mr. COD" and "RANCHERS". "RANCHERS", being an indigenous brand of Zakori International, the trademark "Ranchers" has been registered under the Trade Marks Ordinance, 2001 ("the Ordinance 2001"), in the joint name of the partners, being the petitioner and respondent No.1. It is further stated that under and in terms of a franchise agreement dated 13.10.2015, Zakori International granted to Messrs Royal Manor a limited license and franchise for operating a "Ranchers" Restaurant in Sector 1-8 (Markaz), Islamabad. However the respondent No.1, without the consent of the petitioner, entered, on behalf of Zakori International, into a tripartite Joint Venture Agreement ("JVA") with Messrs Royal Manor, and one Afnan Shareef, the Respondent No.2, whereby Royal Manor agreed to take respondent No.2, as its joint venture partner in respect of the franchise restaurants operated by it under the name and style of "Ranchers", whereas Zakori International in terms of the said JVA, purportedly undertook to grant master franchising rights regarding "Ranchers" to respondent No.2. The petitioner contended that Zakori International could not have participated in the aforesaid JVA without the consent of the petitioner. It was further contended that by having agreed to extend to respondent No.2, the right of master franchising "Ranchers" unilaterally, and without the consent of the petitioner, the respondent No.2 has clearly infringed the registered trade mark, jointly owned by the petitioner and respondent No.1, against the clear restriction imposed by subsection (5) of section 24 of the Ordinance 2001. In addition to the above, according to the petitioner, respondent Nos.1 and 2, have incorporated a Private Limited Company by the name of "Ranchers Cafe (Pvt.) Ltd.", the respondent No.3, mainly for the same business as is being conducted by Zakori International under its trade mark "Ranchers". It was contended that the use of the trade mark/name, "Ranchers", by respondent No.3 company, will create an impression and lead to a belief that the entity is not different from, "Ranchers" jointly owned by the petitioner and respondent No.1, and such would "amount to passing off the trade mark registered in the name of the Zakori International".

3. However as noted above, the tribunal through its order dated 11.3.2020 returned the plaint under Order VII, Rule 10, C.P.C., on the grounds that since the trade mark has

not been physically used by respondent No.2 in the course of trade, the suit is not maintainable within the meaning of section 46(1) and (2) of the Ordinance 2001, and that since the dispute is between the respondent No.1, as co-owners of a trade mark, any violation of section 24(5) read with section 69 of the Ordinance 2001 cannot be agitated before the tribunal.

4. We have heard the learned counsel and examined the relevant laws.

5. The Intellectual Property Tribunal, has been established under section 16 of the Intellectual Property Organization of Pakistan Act, 2012 ("the IPO Act 2012"). In terms of section 18 of the IPO Act, 2012, all suits and other civil proceedings regarding infringement of intellectual property laws are to be instituted in and tried by the tribunal. The said section further provides that notwithstanding anything contained in any other law the tribunal shall have exclusive jurisdiction to try any offence under the intellectual property laws. In terms of section 2(h), read with Schedule to the IPO Act 2012, the Ordinance 2001, falls within the definition of intellectual property laws. Whereas subsection (4) of section 17 of the IPO Act 2012, provides, that subject to subsection (5) of the said section, no court other than the tribunal shall have or exercise any jurisdiction with respect to any matter to which the jurisdiction of the tribunal extends under the said Act, (for the sake of clarity it may be mentioned that subsection (5) of the section 17 simply provides that the provisions of subsection (4) shall not affect any proceedings pending before such court immediately before coming into force of the said Act). It may also be relevant to note here that in terms of section 39 of the IPO Act, 2012, the provisions of the said Act shall have effect notwithstanding anything inconsistent therewith contained in any other law.

6. The first grievance of the petitioner that emerges from the plain reading of the plaint, and as noted earlier, is that though the petitioner and respondent No.1 are the co-owners of the registered trade mark "Ranchers" and the partnership agreement between the two does not authorize any of them to grant a license to the use of the said trade mark, or assign or charge each other's share therein, and exactly to the same effect is the restriction placed by subsection (5) of section 24 of the Ordinance 2001, however the respondent No.1 without the petitioner's consent granted master franchise rights in respect of the subject trade mark to respondent No.2, which is clearly violative of the above provision and thus in terms of subsection (6) of section 24 of the said Ordinance, which clearly entitles the aggrieved co-proprietor to initiate infringement proceedings in such an eventuality, the petitioner was/is fully competent to institute the proceedings as he did.

7. The other grievance as set out in the plaint is that the respondent No.1 and respondent No.2, along with two others have incorporated a private limited company by the name and style of "Ranchers Cafe (Pvt.) Ltd.", the respondent No.3. It is contended that the name of the company conspicuously bearing the name "Ranchers" whose principal line of business is the same as that being conducted by the Zakori International under the trade mark/name "Ranchers" would lead a consumer into believing that the

respondent No.3 company is associated with the "Ranchers" brand owned by Zakori International, and thus using the name "Ranchers" as above is a clear infringement of the trade mark "Ranchers" as described/explained by section 40 of the Ordinance 2001, in terms whereof a person infringes a registered trade mark if he uses, in the course of trade, a mark which is identical with or deceitfully similar thereto, in relation to similar goods or services for which the same is registered, whereas subsection (5) of section 40 holds unauthorized use of a registered trade mark as one's own trade name or part of his trade name, as an infringement of the trade mark, and this is what exactly is being complained of by the petitioner.

8. In view of the foregoing, there remains no ambiguity that both kinds of acts of commission complained of by the petitioner before the tribunal have in clear terms been described by sections 24 and 40 of the Ordinance, 2001, respectively, as infringement of registered trademark and as provided therein are actionable thereunder. The petitioner's case thus undoubtedly falls within the exclusive jurisdictional ambit of the tribunal as discussed and laid down by sections 18, 17 and 39 of the IPO Act, 2012.

9. Although, as noted above, the respondents' acts and conduct as alleged by the petitioner clearly falls under sections 24 and 40 of the Ordinance, 2001 respectively, but for the sake of clarity we may observe here that use of trade mark can also be attributed to the person who has got to the stage where he can be seen objectively to have committed himself to use the mark that is to carrying his intention to use the mark into effect. Use of trade mark can therefore be demonstrated also through the intention to offer the goods and services and/or services, which are manifested through preparatory steps which show an objective commitment to using the trade mark, whereas in the instant case the respondents, in addition to having violated specific provisions of Ordinance, 2001, have also gone beyond the preparatory steps. We wonder as to where from the question of so called physical use arose.

10. Keeping in view certain observations found in the judgments of the fora below, we feel that a clear exposition with regard to the concept of passing off would be beneficial, and it would be appropriate to reproduce the concept as enunciated in Harvard's Law Review, Volume 68 (1954-1955) on the subject of development in the law - Trade Marks and Unfair Competition, as follows:-

"Basically a trade mark owner receives protection against use of his mark by another in such a way as is likely to lead consumers to associate the other's goods with the trade mark owner. This protection against trade mark infringement, that is, against sale of another's goods as those of the trade mark owner by use of the owner's mark, may be described as protection against 'passing off'".

The observation, as contained at monograph 1348 at page 765 of Halsbury's the Laws of England. Volume 27 (1913 Edition), in the following words, may also be relevant here:-

"The right to bring an action for passing off is founded on the same principles as those relating to actions for the misuse of trade names and, in fact, actions for misuse of

the trade names of goods are only particular instances of such actions."

11. Whereas though in the instant case, the petitioner contended that use of "Ranchers", as part of the company's name "amount to passing off the trade mark registered in the name of the Zakori International", however, as noted earlier, has in fact alleged violation of specific restriction imposed by two separate provisions of Ordinance 2001, which are clearly based on infringement of petitioner's trade mark, within the meaning of the said two provisions.

12. It may also be relevant to note that what is described as a passing off action may either be a passing off action simplicitor or an action of infringement of trade mark coupled with passing off. Where the case of passing off action is based on infringement of trade mark, such suit shall necessarily require determination of the question whether there had been any infringement of the trade mark and where infringement of trade mark is alleged the suit must, in view of sections 17, 18 and 39 of the IPO Act, 2012, be instituted before the tribunal notwithstanding that the allegations in the suit were coupled with the allegation of passing off.

13. In view of the forgoing we convert this petition into an appeal and allow the same, set aside the impugned judgment and remand the case to the tribunal to proceed therewith in accordance with law.

MWA/M-30/SC Appeal allowed.

