

IN THE HIGH COURT OF SINDH AT KARACHI.

H.C.A. No. 357 of 2015

Present: **Mr. Justice Sajjad Ali Shah, the Chief Justice**
Mr. Justice Zulfiqar Ahmad Khan

Appellant : Javed Akhtar Chauhan
 Through Mr. Sultan Ahmed Sheikh, advocate.

Respondents 2 & 3 : JKS (Private) Limited &
 POWER-SONIC Corporation, U.S.A.
 Through Mr. M. Sarfaraz Sulehry, advocate.

Date of hearings : 31.05.2016

Date of Short order : 31.05.2016

Date of Reasons: 08.06.2016

Zulfiqar Ahmad Khan, J. Being aggrieved of the orders dated 19.11.2015 passed by the learned Single Judge, in terms of which the appellant's application (CMA No.17174/2014) seeking interlocutory relief against infringement and passing off Power Sonic trade mark was refused and Respondent No. 3's application (being CMA No. 1847/2015) seeking declaration against unlawful registration of the said trade mark by the appellant in their names be held void and liable to be cancelled, was allowed.

2. Brief facts arising out from the perusal of the file and per the averments made by the counsel are that Respondent No. 3, Power Sonic Corporation of California USA ("the said US entity") adopted Power Sonic trade mark in respect of chargeable batteries for electronic applications falling in Class 9 and got it registered with the U.S. Patent and Trade Mark Office under Registration No. 1342157 wef 18.06.1985. Being one of the leading manufacturer of such goods, the said US entity started export of these batteries to the appellant and as per Annexure-C-41 (Invoice No.

483688 dated 07.03.2011) there is a proof that Power Sonic branded batteries were sold to the appellant in a total sum of US\$51,909.80. That being so, it was a regular process that the said US entity was exporting these batteries to the appellant having appointed them as their distribution agents since 2002 (Annexure A-II filed alongwith the CA of Respondent No.3), however, per counsel of the said US entity, somewhere in the year 2011, the appellant started causing delays in making payments of various invoices of the said US entity and eventually stopped making these payments. Notwithstanding therewith, there being a live market of such goods in Pakistan, the said US entity was forced to appoint JKS Private Limited (Respondent No. 2) for selling these Power Sonic branded batteries in Pakistan and a Distribution Certificate was issued to Respondent No. 2 on 21.11.2013 (Annexure-B of the CA of Respondent No. 3). While this relationship was going on at usual pace, the appellant who had stopped making payments to the said US entity without latter's knowledge, information and consent, registered an identical and deceptive trade mark with the Pakistan Trade Mark Registry under Registration No. 316877 on 22.03.2012 and on the basis of the said registration filed a suit before this Court bearing Suit No. 2595/2014 wherein an injunction was sought against the import of these Power Sonic branded goods being imported into Pakistan by the Respondent No.2 from the said US entity. Upon receipt of the notice, it was for the first time, per counsel of the respondents, that they became aware of the existence of the Pakistan Trade Mark Registration No. 316877 which appeared to be a colorful imitation of the US entity's trade mark which was registered in USA as of 1985. As a counter measure, the said US entity through Respondent No. 2 made an application being CMA No.1847/2015 wherein a declaration was sought against the said mala-fide registration of the deceptively similar trade mark by the plaintiff (presently appellant) who were the importer and distributor of the said US entity's similar branded goods in Pakistan as of 2003. Through the impugned order, the learned Single Judge has decided both of these CMAs, and as mentioned earlier, the

request of the appellant seeking injunction has been refused, whereas, request of the Respondent No. 2 filed on behalf of the said US entity for the declaration against local registration of their Trade Mark (being Registration No. 316877) was allowed. Being aggrieved on both the counts, the instant appeal has been preferred.

3. Learned counsel for the appellant commenced his argument from the stand point that the said US entity has no protection in respect of their Power Sonic trade mark in Pakistan since they have not even made an application for registration thereof here. The counsel contended that his client actually used to place orders to the said US entity and the goods sold to him by the said US entity, were imported with Power Sonic trade mark, which was actually owned by the appellant. The counsel particularly went at length to show that the learned Single Judge has misconstrued the meaning of well-known trade mark and has granted relief to said US entity's unregistered trade mark by declaring it a well-known trade mark, such status under Section 86 read with Section 85 of the Pakistan Trade Mark Ordinance 2001, is reserved for really well-known unregistered trade marks arising from the countries forming part of the Paris Convention (of which Pakistan and U.S.A. both are members), as long as these trade marks fulfill requirements of Section 86 of the 2001 Ordinance. The counsel, in particular, also raised objection that there is no authority that has been given by the said US entity to the Respondent No. 2 to file any reply or swear any affidavit on latter's behalf.

4. Commencing with his line of arguments, the learned counsel for the respondents submitted that his US client has a mark registered as early as from the year 1985 in USA and said entity exports such batteries to many countries including Pakistan and since the appellant was not making timely payments despite having goods delivered to them sometime in the year 2010-

11, the said US entity has to depart from their agency arrangements with the appellant to tie-up business relations with the Respondent No. 2 with effect from 21.11.2013 for the sale of Power Sonic batteries in Pakistan. Notwithstanding therewith, the counsel admitted that the said US entity never gave any permission or consent to the appellant to register their well-known trade mark in Pakistan.

5. Heard the counsel and reviewed the material available at record. To us, it appears to be a simple case of dishonest adoption of a foreign trade mark by its local importer. It is obvious that before the appellant made an application for registration of a deceptively similar trade mark before the Pakistan Trade Mark Registry on 22.3.2012 they were already in business relations with US entity which appointed them as their agent effective from 01.10.2003 which relation is not denied and there are documents that show that goods bearing Power Sonic trade mark were imported by the appellant long before the appellant filed an application for registration of the said trade mark in their own name in Pakistan. Notwithstanding therewith, the appellant who have secured registration of a colorful imitation of the said US entity's trade mark in Pakistan, however, such dishonest adoption and mala-fide registration would be of no benefit to the appellant in the event evidence is brought forward that the trade mark adopted by the appellant actually belonged to the said US entity. Sub-sections (3) and (4) of Section 14 of the 2001 Ordinance clearly restrict that applications for registration of trade mark which are made in bad faith or which are likely to deceive or to cause confusion must and absolutely have to be refused by the Trade Marks Registry. In the given circumstances, when the appellant came for registration of Power Sonic trade mark they had very clear knowledge that the said trade mark actually belongs to another entity from whom the goods bearing the same trade mark were imported into Pakistan as early as 2003 and these goods have created a tread connection between the consumer and

the actual owner (the US entity) of the said trade mark. Such goods whenever put to sale or exposed to public, it will always be assumed by a purchaser that these goods originate from no one else except the US entity who launched these goods in Pakistan as early as 2003, therefore such application was prima facie contrary to the stringent policy of trade mark registration provided for in the 2001 Ordinance and ought to have been absolutely refused, if the Registrar had any knowledge of such dishonest adoption of the said trade mark by the present appellant, in the interest of purity of the register, the application would never have proceeded to registration. Such view finds supported from a numerous Apex Court's decisions, of which the latest being Farooq Ghee & Oil vs. Registrar of Trade Mark reported as 2015 CLD 1245 where the Apex Court held that *any one adopting a trade mark which encompasses an earlier person's trade mark having striking or dominating features of the earlier trade mark, cannot elapse or over-shadow to obscure the dominating position acquired by the first mark*. This follows the fundamental principle that no one should be allowed to steal someone's goodwill and reputation and pass his goods as those of someone else. In such circumstances help is sought from the classic trinity test which requires courts to consider following three aspects:

- a. Is there any goodwill in the trade mark adopted by the defendant in respect of identical or similar goods;
- b. Has any misrepresentation been made by the defendant; and
- c. Would actual damages would be caused to the plaintiff from the acts of defendant?

6. If in the given case we replace appellant with the word defendant and the US entity (and respondent no.2) with plaintiff, it is not hard to conclude that there is a goodwill established by the said US entity in respect of the goods for which the appellant has registered a deceptively similar trade mark and the appellant has definitely made a misrepresentation by portraying

himself as the owner of Power Sonic trade mark and definitely actual loss would be caused if the appellant are allowed to use the deceptively similar trade mark.

7. In the given circumstances, it is not very hard to reach the obvious conclusion that the appellant who has dishonestly adopted the US entity's trade mark should not be given any benefit thereof hence the learned Single Judge has rightly refused appellant's application seeking injunction and at the same time, following the principle of equity and justice has rightly allowed CMA No. 1847/2015 by declaring that the registration No. 316877 obtained by the appellant is unlawful and liable to be cancelled. These are the reasons of our short order dated 31.05.2016 whereby the instant appeal was dismissed.

8. A copy of this order be sent to the Registrar of Trade Marks, Trade Marks Registry, Karachi for necessary actions.

Judge

Chief Justice