ORDER SHEET IN THE HIGH COURT OF SINDH, KARACHI

Suit No.1826 of 2017

Date

Order with signature of Judge

<u>Present:</u> Mr. Justice Muhammad Ali Mazhar

The Stillman's Company (Private) Limited......Plaintiff

Vs.

S.M. Anees & another.....Defendants

- 1. For hearing of CMA No.11057/2017.
- 2. For hearing of CMA No.12635/2017.
- 3. For hearing of CMA No.12658/2017.

Dates of hearing: 11.04.2018 and 13.8.2018

M/s.Abdul Sattar Pirzada, Mamoon N. Chaudhry & Ms.Maryam Malik Advocates for Plaintiff.

M/s. Ovais Ali Shah & Fayaz Ahmed Memon Advocates for Defendant No.1.

M/s. Arshad M. Tayebaly & Waqar Ahmed Advocates for Defendant No.2.

Muhammad Ali Mazhar, J: This suit has been brought to seek out declaration, permanent injunction, accounts and damages. The plaintiff's counsel asserted that they are the manufacturer, seller, buyer, importer and exporter of personal care beauty creams, whitening creams and toiletries products in the brand name "Stillman's". It is further asserted that the plaintiff is a registered trademark holder of the aforesaid brand name for wide range of cosmetics products. It is further alleged that the defendant No.1 is distributing products by using plaintiff's brand name in local as well as international market. When the suit was presented, only S.M. Anees was defendant. On

09.08.2017, the matter was fixed for orders on injunction application when this court as an interim measure passed an order that till next date of hearing, the defendant shall not manufacture or sell his product in the brand name "Stillman's". However, on 15.09.2017, an application under Order I Rule 10 C.P.C. was filed by the Intervener Shaikh Muhammad Shahid with the contention that being the director of the plaintiff and co-owner of the trademark Stillman's, he ought to have been impleaded as party in the suit. Whereas, learned counsel for the original defendant moved an application under Order 39 Rule 4 C.P.C. for vacation of the interim order. The record reflects that vide consent order dated 22.09.2017, intervener Shaikh Muhammad Shahid was impleaded as defendant No.2. He has also moved an application under Order 39 Rule 4 C.P.C for vacating the injunctive order.

2. The learned counsel for the plaintiff argued that the plaintiff's company has been assigned the rights and interest of the trademark "Stillman's" through assignment deed dated 01.02.1999 which was signed by Shamim Akhtar and the plaintiff and it also bears signature of all the partners including defendant No.2. By virtue of assignment deed entire rights, title and interest in and to the said trademark together with the goodwill of the business concerned in the goods in respect of which the said trademark were assigned in favour of the plaintiff in Pakistan. The plaintiff's trademark "Stillman's" is also registered internationally in 24 countries. It was further contended that the plaintiff filed two civil suits against M/s. Transco Traders and M/s. Verstality International for damages, permanent injunction and accounts as they were trading in counterfeit products of the plaintiff.

- 3. It was further contended that defendant No.1 is acting as a distributor of M/s. Evan and Mayer which is authorized to manufacture and sell Stillman's products in Pakistan and abroad. He further contended that the plaintiff essentially consists of three major shareholders; two of which are S.M.Akhtar and S.M. Zahid and the other one is the defendant No.2 whereas the firm M/s. Evan and Mayer is a registered partnership solely owned and operated by the sons and spouse of defendant No.2. Just to give a background of other pending litigation, the learned counsel only during course of arguments referred to a Suit No.636/2017 and argued that the plaintiff entered into a license agreement on 29.12.2012 with M/s Evan and Mayer and granted permission to manufacture and sell the products of plaintiff in the international market under the name and style of Stillman's. Due to violation of agreement, the plaintiff termination notice against which M/s Evan and Mayer had filed Suit No.636/2016 on the basis of a forged License Agreement' dated 18.11.2015. Trademark M/s.Evan and Mayer International obtained injunctive order on 14.03.2016 wherein this court was pleased to restrain the defendants including the plaintiff of this suit and its directors from interfering into the business and commercial activities of M/s Evan and Mayer in relation to the use of the plaintiff's trademark Stillman's. However vide order dated 09.02.2018, this court was pleased to dismiss the injunction application filed in Suit No.636 of 2016 and against the dismissal order passed in suit with regard to injunction application then Evan and Mayer preferred High Court appeal and obtained injunction subsequently the H.C.A. No.375/2016 was disposed of.
- 4. The learned counsel further argued that the defendant No.2 has alleged that the plaintiff has concealed the

pendency of Suit No.12/2017 filed by the said defendant in which this court was pleased to pass an ad-interim order on 04.01.2017 that "till the next date of hearing, defendants are restrained from interfering in the plaintiff's use of the said registered trademarks". The learned counsel added that the counterfeit products neither relate to nor form part of the illegal agreement therefore the plaintiff is entitled to the injunction. Once a trademark is registered under the provisions of the Trademarks Ordinance, then it restricts the other party from using such trademark. A mark identical with the registered mark or so nearly resembling it as to be likely to deceive or cause confusion in the course of trade in relation to any goods in respect of which it is registered. It was further contended that a distributor has no other relationship with the manufacturer of goods who is also the owner of trademark and merely by distributing goods on behalf of the owner, a distributor is not entitled to claim ownership of a trademark. In support of his contention, he referred to following judicial precedents:

(1) 2004 CLD 1509 (Popular Food Industries Ltd. v. Maaza International Company LLC & another), (2) 2004 CLD 171 (Maaza International Company LLC v. Popular Food Industries Ltd. & another), (3) PLD 2000 Kar. 192 (J.N. Nichols (Vimto) PLC v. Mehran Bottlers (Private) Limited, Karachi), (4) 1986 MLD 930 (Muhammad Haroon and another v. F.Y. & Brothers and another), (5) 1995 CLC 436 (Jamshed Aslam Khan v. Mrs. Azra Jawed & others), (6) 2007 YLR 2672 (Messrs Dewan Sugar Mills (Pvt.) Ltd. v. M.B. Abbasi & others), (7) 2015 CLD 655 (Muhammad Saleem Warind v. Mazhar & others), (8) 1999 YLR 638 (Messrs Tri-Star Industries (Pvt.) Ltd. v. Messrs Trisa Bursten Tabrik A.G. & others), (9) 2013 CLD 1531 (Vifor (International) Inc. v. Memon Pharmaceutical), (10) 2000 YLR 1376 (The Wellcome Foundation Limited v. Messrs Karachi Chemical Industries (Private) Limited, (11) PLD 2013 Lahore 110 (Pioneer Cement Limited v. Fecto Cement Limited & others), (12) 2000 CLC 547 (Lahore Chemical and Pharmaceutical Works Ltd. v. Unilever N.V. Netherland), (13) 2014 CLD 1310 (Malik Safdar Hussain v. Irfan Ahmad Ayyub and another).

5. The learned counsel for the defendant No.1 argued that stay order has been obtained through suppression of facts and various judicial orders. The plaintiff has failed to disclose the License Agreement with Evan and Mayer dated 18.11.2015 to manufacture, market and sell the products in the local and international market and the operation of various injunctive orders. The defendant No.1 is simply a distributor of Evan and Mayer and Sheikh Mohammad Shahid (Defendant No.2) both of them have the right to manufacture and sell Stillman's products and such right is protected by various judicial orders which have not been disclosed. The plaintiff filed Suit No.1299 of 2016 for cancellation of 2015 agreement and obtained an interim injunction order on 16.11.2016 whereby Evan and Mayer were restrained from selling certain products. This interim order was challenged by Evan and Mayer through ad 375/2017 and vide interim order dated 16.11.2017, this court in appeal suspended the interim order passed in the above suit. Subsequently, the appeal was allowed and interim order was set-aside. In Suit No.12 of 2017 filed by Sheikh Mohammad (defendant No.1) against the Stillman's Company (plaintiff), vide order dated 9.8.2017, the defendant No.2 has been allowed to concurrently used the trademark Stillmans without any hindrance from the plaintiff. Evan and Mayer filed another Suit No.2700/2017 to assert their right to manufacture Stillman's products under authority of S.M Shahid. This court has directed the parties to maintain status quo. Subsequent to filing of this suit a of this on 9.2.2018 single bench court in Suit No.636/2016 dismissed the injunction application. Evan and Mayer preferred an appeal bearing No.44/2018 in which vide order dated 27.2.2018, this court granted to stay Evan and Mayer. In support of his

contention he referred to following case law:

2000 SCMR 1000 [Akbar and others vs. Abdul Ghafoor and others], 2016 CLC 896 [Sajjad Ahmed vs. Chairman, Capital Development Authority and others], 2013 CLC 454 [Mst. Saeeda vs. Province of Punjab and others] and PLD 1983 Karachi 303 [Mst. Salma Jawaid & others vs. S. M. Arshad & others]

6. The learned counsel for the defendant No.2 argued that the plaintiff has misrepresented that the trademark Stillman's' is the exclusive property of the plaintiff. The plaintiff has deliberately concealed the fact that certain trademarks of "Stillman's" are owned by Muhammad Zahid, Sheikh Muhammad Akhtar Sheikh Muhammad Shahid (defendant No.2) through M/s.Shamim Akhter's, a partnership firm in which the defendant No.2 is also a partner and equally entitled to use the Trademark. The plaintiff has also attached the alleged infringed product packaging of the demonstrate that the same have been manufactured by M/s.Evan and Mayer International. The plaintiff has no exclusive ownership of the Trademarks 'Stillman's'. The learned counsel referred to the case reported as **2013 CLC 454** and **2002 CLD 120** in which the courts held that in addition to prima facie case, balance of convenience or irreparable loss, the courts should also take into consideration other factors including whether the party has come to court with clean hands and has concealed the material facts. The perusal of the Assignment Deed reflects that only one trademark bearing number 12207 was assigned to the plaintiff and the remaining six trademarks are still valid in the name of defendant No.2 as co-owners and trading as M/s.Shamim Akhter. The defendant No.1 is not involved in any infringement of the goods of the plaintiff since the same were being sold under authority of either Evan and Mayer or the defendant No.2

both of whom had protection of the law and orders of this court.

7. Heard the arguments. I have surveyed and flick through a range of provisions contained under the Trademark Ordinance, 2001 such as Section 24 which germane to the co-ownership of trade mark and lay down that trademark registered in the name of two or more persons jointly, each of them shall be entitled, subject to any agreement to the contrary, to an equal undivided share in the registered trade mark with further stipulation that one co-proprietor may not without the consent of others grant a license to the use of the registered trademark or assign or charge his share in the registered trademark. According to Section 75 of the same law, a license to use a registered trademark may be general or limited. However, under Section 78, it is provided that an exclusive license may provide that the licensee shall have to such extent as may be provided be the license the same rights and remedies in respect of matters occurring after the grant of the license as if the license had been assigned. Where or to the extent that such provision is made, the licensee shall be entitled to bring infringement proceedings against any person other than the proprietor in his own name. Section 39 of the postulates that a registered trademark shall be a personal property and a proprietor of a registered trademark shall have exclusive rights in the trademark which is infringed by use of the trademark in Pakistan without his consent. Compliant with Section 40, a person shall infringe a registered trademark if such person uses in the course of a trademark which is identical with the trademark in relation to goods or services which are identical with those for which it is registered. The mark is deceptively similar to the trademark and is used in relation to goods or

services identical with or similar to the goods or services for which the trademark is registered and there exists a likelihood of confusion on the part of public which includes the likelihood of association with the trademark. Section 43 necessitates that in all legal proceedings relating to a trademark registered under the Trademark Ordinance, 2001 or under the Trademark Act, 1940, the fact that a person is registered as proprietor thereof shall be prima facie evidence of the validity of the original registration of the trade mark and of all subsequent assignments and transmission thereof. In line with Section 46, an infringement of a registered trademark shall be actionable by the proprietor of the trademark and in an action for infringement the relief by way of damages, injunctions, accounts or otherwise shall be available to the proprietor of the trademark. Whereas under Section 74, the permitted use of the trademark shall be deemed to use of the trademark by the owner of the trademark and shall be deemed not to be used of the trademark by a person other than the owner for any purpose for which such use is material under the Ordinance.

8. The bottom line in this case that the Muhammad Anees (defendant No.1) should be restrained from operating its business enterprise as distributor. It is nowhere stated that he is manufacturing the alleged counterfeit products. The learned counsel for the plaintiff argued that the plaintiff purchased entire rights of the trademark in question through Assignment Deed. The learned counsel further argued that the plaintiff consists of three major shareholders S.M. Akhtar, S.M. Shah Zahid and Shaikh Muhammad Shahid, whereas, M/s. Evan and Mayer is a registered Partnership Firm being operated by the sons and other family members of the defendant No.2. The defendant No.2 made known the pendency of various

lawsuits concerning the plaintiff, their directors and M/s. Evan & Mayer i.e. J.M. 30/2015, J.M. 01/2016, Suit No.636/2016, Suit No. 1299/2016, Suit No.221/2016, Suit No. 2163/2016, Suit No. 2271/2016 and Suit No. 12/2017 whereas the plaintiff in this lawsuit only revealed two civil filed against M/s.Transco Traders and Verstality International i.e. Suit No. 2163/2016 and Suit No. 2201/2016 but failed to disclose other pending litigation between plaintiff's director and M/s. Evan & Mayer with regard to certain disputes of trademark ownership, its license and assignment deed of rights. It is first time only in the arguments, the learned counsel for the plaintiff disclosed that a civil suit No.636/2017 is pending in this court with regard to the validity of license agreement dated 29.12.2012 in between plaintiff and M/s. Evan & Mayer, whereby, the plaintiff granted permission to M/s. Evan & Mayer to sell plaintiff's product but due to some alleged violation of such agreement, the plaintiff served a termination notice on which M/s. Evan & Mayer filed a civil suit No. 636/2016. This court granted an adinterim injunction on 14.03.2016 but after sometime, injunction application was dismissed on which M/s. Evan & Mayer has filed High Court Appeal No.44/2018 and this court in appeal has restrained the respondents from causing any harassment/interference to the appellant in open market. The Suit No. 12/2017 is also pending which has been filed by the defendant No.2 against the plaintiff and its directors for declaration and permanent injunction in which the defendant No.2 has prayed that he is joint owner of the trademark Stillman's and entitled to use the same without any hindrance from the defendants. On 04.01.2017, the learned Single Judge of this court passed an order that till next date of hearing the defendants are restrained from interfering in the plaintiff's use of the said

registered trademarks. The record further reflects that the plaintiff filed another suit No.1299/2016 for cancellation of 2015 agreement and obtained injunctive order whereby M/s.Evan & Mayer was restrained from selling certain products. The said injunctive order was challenged by M/s.Evan and Mayer in HCA No. 375/2017, the learned division bench of this court suspended the interim order and after sometime, the appeal was allowed and interim order passed by the learned Single Judge was set aside. In suit No.12/2017, filed by the defendant No.2 against the plaintiff, this court allowed the defendant No.2 concurrently use the trademark Stillman's without any hindrance from the plaintiff. It is further reflected from the arguments advanced vice versa that M/s. Evan and Mayer has also filed Suit No. 27/2017 to assert their rights to manufacture Stillman's product under the authority of S.M. Shahid and vide order dated 29.12.2017 this court again directed the parties to maintain status quo.

9. It is perceptible from the incorporation certificate of the plaintiff and Memorandum and Articles of Association that Shaikh Muhammad Akhtar, CEO of the plaintiff possesses 33 share, whereas, the defendant No.2 and Shaikh Muhammad Zahid both possess 34 and 33 shares respectively. The plaintiff has also attached trademark registration certificates of different products in the name of plaintiff. One trademark license agreement dated 18th November, 2015 is available on record that was executed between the plaintiff and Evan & Mayer International as licensee. In the suit No. 636 of 2016, filed by Evan & Mayer, the plaint on behalf of Evan & Mayer has been verified by Salman Shaikh Shahid who is son of defendant No.2 (Shaikh Muhammad Shahid). One Assignment Deed dated 01st February, 2000 is also available on record

which was executed including three sponsor directors of the plaintiff i.e. Shamim Akhtar, S.M. Akhtar, S.M. Shahid (defendant No.2), S.M. Zahid and Mst. Noor Jehan Begum Assignors and Stillman's Company Pvt. Ltd. The situation is extremely complex and multifaceted where three sponsor directors are fighting against each other for the one and the same right and filed different suits vice versa for interim relief and in such cases somehow or the other, the interim orders are operating and challenged in appeals also. The firm Evan & Mayer International is being operated by the son of defendant No.2 and this firm has also filed a suit against the Stillman's Company. Sanguine to the chronological order of the pending litigation on the same rights and entitlement to use the aforesaid trademarks, it is quite imperative for this court to first empathize the cumulative effect of the comprehend proceedings/litigation between the directors of the plaintiff and Evan & Mayer. The directors of the plaintiff are fighting for their individual right to use the same trademarks and obtained injunctive orders vice versa in different suits and High Court Appeal which are pending adjudication. The plaintiff very conveniently avoided to mention the factum of pending litigation. The act of such concealment of facts is quite disgusting and repulsive. The conduct shows that the plaintiff has concealed and suppressed the pendency of various suits/litigation just to obtain injunctive order in this case against the distributor but in my view, unless the actual dispute with regard to the rights to use/ownership and the assignment of various trademarks is decided, the real controversy cannot be resolved.

10. Keeping in mind the peculiar circumstances of this case and chronic pending litigation, a mere filing of suit

against the distributor is not sufficient without actual determination of the rights to use trademarks individually or collectively by the plaintiff's directors or as a company conjointly. In unison I have no doubt in mind that in the case of trademark and copyright infringement, off course, the distributor may be restrained but in the case in hand the manufacturer of products (Evan & Mayer) supplying the merchandises to the distributor which is also claiming the equal rights to use the trademark and also obtained injunctive order in its suit for the enjoyment of same rights however no ultimate declaration of rights have been decided by this court so far in any pending cases except different interim orders obtained vice versa. The defendant No.1 is only a distributor. No allegation has been leveled against him that he is manufacturing the counterfeit products by his own and then distributing and marketing the products. A distributor is one who buys products from a merchant/manufacturer and put up for sale to the The distributorship retailers or to the customers. agreement is made between an individual or entity and the supplier setting out the terms under the distributor may sell the products. This term basically germane to the supply chain that exists during certain business arrangements. When manufacturers supply merchandise to distributors and the distributors supply to retailers, a supply channel is created. It is considered an independent selling agent with the permission to sell the product specified in the contract but not entitled to use trade The the of his business. name as part distributorship agreement may also specify the conditions that the distributor is bound to sell the supplier's products exclusively and shall not sell similar products from another manufacturers or suppliers. It is necessary for the parties to diligently pursue their pending litigation

in which essentially their substantive rights to use the trademark is somehow or the other disputed.

11. The learned counsel for the plaintiff referred to the case of Popular Food Industries vs. Maaza International Company LL.C (2004 CLD 1509). In this case basically the learned division bench dilated upon Section 23 of the Trademark Act wherein the registration of mark was to be considered prima facie evidence to validate in all legal proceedings. He further referred to the case of J.N. Nichols (Vimto) Plc vs. Mehran Bottlers (Private) Limited, Karachi (PLD 2000 Karachi 192). In this lawsuit, the court while discussing Section 23 of the Trademarks Act held that the registered trademark can be exclusively used by its proprietor till the registration continues, however, in the same judgment, the court also referred to the case of Hiralal Parbhudas v. Ganesh Trading Company, reported in AIR 1984 Bombay 218 in Bombay High Court after taking into which the consideration several decisions summed up a number of principles for deciding the question of similarity of two marks i.e (a) what is the main idea or the salient feature? (b) marks are remembered by general impressions or by some significant detail rather than by a photographic recollection of the whole; (c) overall similarity is the touchstone; (d) marks must be looked at from the view and first impression of a person of average intelligence and imperfect recollection; (e) overall structures, phonetic similarity and similarity of idea are important and both visual and phonetic tests must be applied; (f) the purchaser must not be put in a state of wonderment; (g) marks must be compared as a whole, microscopic examination being impermissible; (h) the broad and salient features must be considered for which marks must

not be placed side by side to find out differences in design; (i) overall similarity is sufficient. In the case of Pioneer Cement Ltd. vs. Fecto Cement Ltd. (PLD 2013 Lahore 110), the learned judge held that unless otherwise shown, the concept of a distributor in trademark matters is that a distributor is merely a representative of the owner of the trademark for a specified territory for supply distribution of goods manufactured by the owners under the trademark. All aforesaid judicial precedents have enunciated and elucidated the true exposition with regard to the dispute of trademarks and its registration but in my considerate view here the dispute of trademark is not enmeshed or embroiled but issue of distribution is only under consideration where the manufacturer of goods under the injunctive order supplying the goods to the distributor for distribution.

12. The Learned counsel for the defendants referred to the case Mst. Saeeda vs. Province of Punjab (2013 CLC **454)** in which it was held that court is required to see whether party approaching court for interim relief has concealed material facts and or acted in mala fide manner. In case the answer is in affirmative then relief of injunction can be declined. In the case of Akbar and Abdul Ghafoor and others. (2000 SCMR others vs. 1000) it was held that non-disclosure of the attending facts and circumstances in relation to the petitioners' earlier suit relating to the same subject-matter as also claiming the very relief which has been prayed for in the present suit, was duly noticed by the learned Appellate Court. The learned Judge in Chambers has not been shown to be in error in any manner whatsoever in refusing to reverse the judgment/order of the lower Appellate Court in the Civil Revision before him." In the case of Sajjad

Ahmed vs. Chairman, Capital Development Authority and others (2016 CLC 896), the learned court held that in the second suit not a word has been mentioned about the earlier litigation between the petitioner and the CDA with respect to the violations of Building and Zoning Regulations. This concealment was reason enough for the learned courts below to have denied the equitable relief of injunction. It was further held that it is an age-old maxim that "he who seeks equity must come to the court with clean hands." The relief of injunction is a discretionary and equitable relief, which a party cannot claim as a matter of right. Before the grant of such a relief, the conscience of the court has to be satisfied that the party seeking such a relief has not acted inequitably. The petitioner by concealing the factum of the earlier litigation, appears to have acted contumaciously and inequitably and has, thereby disentitled himself to the relief of injunction. The concealment of the factum as to the earlier litigation between the same parties, in the subsequent suit, is a conduct which disentitles a party to the grant of the discretionary relief of an injunction. In the case of Mst. Salma Jawaid & others vs. S. M. Arshad & others (PLD 1983 Karachi 303), the court expressed that it was necessary for the plaintiff to make disclosure in the present suit about the earlier suit so as to place the entire picture before the Court. If this had been done and it had been disclosed in the present suit, the court might not have passed the ad interim order. It is the responsibility of the concerned party to bring the necessary facts about any previous litigation to the Court. The complete disclosure, about previous connected, related or relevant proceedings and orders is essential when a litigant approaches a Court and unless such nondisclosure can be satisfactorily explained, the claimant should not as a

matter of general principle, be granted interim relief.

13. Here the plaintiff has concealed various pending litigation including the suits filed by Evan & Mayer in which they obtained injunctive order to continue their business. No justifiable reason could be brought on record for such concealment or supersession. In fact under the garb of concealment, an attempt was made to seek an injunctive relief against the distributor to override the effect of injunctive orders in favour of Evan & Mayer. Before granting injunction, the conscience of the court is to be satisfied that the party seeking such a relief has not acted inequitably. The plaintiff by concealing the factum of the earlier litigation appears to have acted contumaciously and inequitably hence not entitled to the relief of injunction. The plaintiff has also failed to demonstrate any prima facie case or any balance of convenience and or irreparable loss in case injunction is refused. The phrase prima facie case in its plain language signifies a triable case where some substantial question is to be investigated or some serious questions are to be tried. Unless the substantive litigation is culminated and decided the bone of contention nothing will be achieved by the parties. Before granting injunction the court is bound to consider probability of the plaintiff succeeding in the suit. A party seeks the aid of the court by way of injunction must as a rule satisfy the court that the interference is necessary to protect from the species of injury which the court calls irreparable before the legal right can be established on trial. In the technical sense with the question of granting or withholding preventive equitable aid, an injury is set to be irreparable either because no legal remedy furnishes full compensation or adequate redress or owing to the inherent ineffectiveness of such legal remedy.

14. In the wake of above discussion, CMA No. 11057/2017 filed under Order XXXIX Rule 1 & 2 C.P.C by the plaintiff is dismissed. Since the Injunction application has been dismissed, therefore, CMA No. 12635/2017 and 12658/2017 moved under Order XXXIX Rule 4 C.P.C. by the defendants are also disposed of accordingly.

Karachi:-Dated.31.12.2018

Judge