

ORDER SHEET
THE HIGH COURT OF SINDH, KARACHI

Suit No. 1367 of 2021
[Shahryar versus Sheikh Muhammad Iqbal and others]

DATE	ORDER WITH SIGNATURE OF JUDGE
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1. For hearing of CMA No. 19874 of 2021.
2. For hearing of CMA No. 10043 of 2021.
3. For hearing of CMA No. 10779 of 2021.
4. For hearing of CMA No. 5634 of 2022.
5. For hearing of CMA No. 5001 of 2022.
6. For hearing of CMA No. 7780 of 2022.
7. For hearing of CMA No. 7447 of 2022.
8. For orders on CMA No. 7534 of 2022.

16-05-2022

Ms. Nasima Mangrio, Advocate for the Plaintiff.
Mr. Kazim Raza Abbasi, Advocate for the Defendant No.1.
Ms. Afsheen Aman, Advocate for the Defendant No.2.

Adnan Iqbal Chaudhry J. - The Plaintiff, who also carries on business under the name and style of 'Saleem Mills Store', is registered owner of the trademark "TSAR BLACKCLUBS" in respect of rubber belts for motors etc. falling in Class 7, drive belts etc. in Class 12, v-belts in Class 17, and advertising in Class 35 of the Trade Marks Ordinance, 2001. The Defendant No.1 is also registered owner of the trademark 'BLACK CLUBS' *albeit* only in respect of v-belts in Class 7 of the Trade Marks Ordinance, 2001. Apparently, said trademark of the Defendant No.1 was registered in the year 2007 (page 253), whereas that of the Plaintiff in Class 7 was registered in the year 2019 (page 21). Per the Plaintiff, his rectification application against the trademark of the Defendant No.1 is pending before the Registrar of Trademarks.

2. The suit had been brought by the Plaintiff *inter alia* to injunct the Defendants 1 and 2 from importing v-belts bearing the trade mark 'BLACK CLUBS'. By CMA No. 10043/2021 the Plaintiff prays for a temporary injunction to restrain the Defendant No.3, the Director IPR

(Enforcement) Customs, from releasing goods being imported by the Defendants 1 and 2 on the ground that such goods infringe the registered trademark of the Plaintiff. By an interim order dated 15.06.2021 the Director IPR (Enforcement) Customs was restrained from releasing any consignment of the Plaintiff's registered trademark. Subsequently, CMA No. 19874/2021, CMA No. 5001/2022, CMA No. 5634/2022 CMA No. 7280/2022 and CMA No. 7447/2022, under Order XXXIX Rule 2(3) CPC and Order XXXIX Rules 1 & 2 CPC, were moved by the Plaintiff essentially for enforcing the interim order dated 15.06.2021 from time to time for different consignments imported by the Defendants 1 and 2.

3. With their written statements and counter-affidavits the Defendants have brought on record subsequent events and proceedings which go to show that while the instant suit was pending, the Plaintiff filed C.P. No. D-6264/2021 before a Division Bench of this Court seeking similar relief as sought in this suit, *inter alia* a writ against the Director IPR (Enforcement) Customs to take action against the Defendants 1 and 2 for importing infringing goods. That petition was disposed of by the Division Bench *vide* order dated 21.02.2022 as follows:

“Learned counsel contends that while both the parties have submitted their arguments/counter arguments before the respondent No.2, however, no final order has been passed. Learned counsel representing the said respondent states that the said respondent has made inquiries and sought information from the Trade Mark Registry which are available along with her comments, however, admits that no final orders have been passed by the respondent No.2 on the application of the petitioner.

This petition is accordingly disposed of with the directions to respondent No.2 to pass a speaking order on the application made by the petitioner available at page 105 strictly in accordance with the provisions of Trade Mark and Copyright Laws keeping intents and framework of these legislations in mind within three weeks preferably”.

The ‘respondent No.2’ in the above order was the Director IPR (Enforcement) Customs, and the direction given to him was to decide

the Plaintiff's application for enforcement of his trademark, which application was pending under the provisions of the Customs Rules, 2001. In compliance of that direction, the Director IPR (Enforcement) Customs passed Order No. 01/2022 dated 14.03.2022 dismissing the Plaintiff's application, and thereafter the Plaintiff has filed C.P. No. D-1850/2022 before a Division Bench of this Court challenging such dismissal.

4. Heard the learned counsel and perused the record.

5. A remedy against importation of goods that allegedly infringe a registered trademark is provided under Chapter XXVIII, Rules 678 to 686 of the Customs Rules, 2001 as follows:

“680. Application by the right holder for enforcement action. – (1) A right holder who has valid grounds for suspicion that imported goods are infringing his intellectual property rights protected under the Copyright Ordinance, 1962 (XIV of 1962) and the Trade Marks Ordinance, 2001 (XIX of 2001), may, at the time of arrival of suspected goods at the notified customs station, make an application on the format set out in Annexure-A to these rules, to the Director, IPR (Enforcement) having jurisdiction, requesting for initiating enforcement action against such goods.

(2) For goods infringing the provisions of the Patents Ordinance, 2000 (LXI of 2000), Registered Designs Ordinance, 2000 (XLV of 2000) and the registered layout-designs of Integrated Circuits Ordinance, 2000 (XLIX of 2000), the right holder or the Collector of Customs, as the case may be, shall follow the same course of action as prescribed under these laws.

(3) The applicant, along with the application, shall submit all prescribed documents as well as a notarized undertaking on the format as set out in Annexure-B to these rules, indemnifying the Customs authorities against all liabilities.

(4) The applicant, at the time of filing an application, shall also submit a bank guarantee on the format as set out in Annexure-C, from a scheduled bank for an amount of Pak Rupees five hundred thousand or twenty-five per cent of the value of suspected infringing goods, whichever is higher, to cover possible compensation for the losses suffered by the owner of goods due to false application, and payment of expenses on account of investigation, warehousing, maintenance, disposal of goods, etc. incurred after detention by Customs.

(5) The Director, IPR (Enforcement) shall refuse to entertain an incomplete application and inform in writing the applicant of the reasons for such refusal.

681. Action to be taken by the Directorate of IPR (Enforcement). –

(1) The Director, IPR (Enforcement), upon receipt of an application from the right holder, shall consult the recordation database, so as to verify particulars of the right holder.

(2) When the right holder has applied for enforcement action in accordance with the provisions of these rules, the Director, IPR (Enforcement), shall order for detention of the goods suspected to be infringing goods and notify the same in writing to the applicant as well as to the owner of the goods, asking them to join the proceedings.

(3) Upon joining the proceedings by both the owner of the goods and the right holder, the detained goods shall be examined jointly by an officer of Customs appointed by the Collector having jurisdiction and an officer of the Directorate General of IPR (Enforcement), in presence of both parties.

(4) Upon determination of the fact that the detained goods infringe the Intellectual Property Rights of the right holder, such goods shall be seized by the Directorate General of IPR (Enforcement), and the case shall then be forwarded to the concerned Collectorate of Customs having jurisdiction for adjudication, as per the procedure laid down under the Act or judicial authority, as the case may be: Provided that the owner of the infringing goods may, at any time prior to the seizure thereof, voluntarily give consent in writing to the Director IPR (Enforcement) for the goods being forfeited, in favor of the Federal Government, and upon receipt of such consent, the Director IPR (Enforcement) shall order forfeiture of the infringing goods.

(5) The Director, IPR (Enforcement) to whom an application is made, shall ensure confidentiality of the information contained in the application, unless there is need of disclosure pursuant to any law of the country.

(6) In case a party to a proceeding willfully and without good reason refuses access to or otherwise does not provide necessary information within a reasonable period or significantly impedes a procedure relating to an enforcement action, the officer conducting enforcement action shall have the power to make preliminary and final determinations, affirmative or negative, on the basis of information presented to him including the complaint or the allegation presented by the party adversely affected by the denial of access to information, subject to providing the parties an opportunity to be heard on the allegations or evidence.”

6. Apparently, before filing suit, the Plaintiff had made an application to the Director IPR (Enforcement) Customs under Rule 680 of the Customs Rules, 2001 for enforcing his trademark by

detaining goods imported by the Defendants 1 and 2 on the allegation that those were infringing goods. Such fact was not disclosed to the Court at the time of the interim order dated 15.06.2021. Thereafter, in C.P. No. D-6264/2021 the Plaintiff had settled for an order directing the Director IPR to decide the Plaintiff's application pending under Rule 680 of the Customs Rules within three weeks, again a fact not brought to the attention of this Court by the Plaintiff in seeking orders for implementation of the interim order. Admittedly, the Plaintiff's application under Rule 680 of the Customs Rules, 2001 was dismissed by the Director IPR vide order dated 14-03-2022 for reasons that the goods imported by the Defendants 1 and 2 did not infringe the Plaintiff's trademark, and that such goods were imported under a registered trademark of the Defendant No.1.

7. As it presently stands, the matter is that after filing this suit the Plaintiff pursued and availed the special remedy under Rule 680 of the Customs Rules, 2001 for detaining the goods imported by the Defendants 1 and 2 alleging that said goods infringed the Plaintiff's trademark. In such circumstances, where the Plaintiff elected a remedy before a special forum and was not successful, the doctrine of election¹ dictates that he cannot re-agitate the same matter by way of an application under Order XXXIX Rules 1 and 2 CPC in this suit when the order dated 14-03-2022 passed by the Director IPR dismissing the Plaintiff's application under Rule 680 of the Customs Rules is not subject matter of this suit but is *sub-judice* before a Division Bench in C.P. No. D-1850/2022. That apart, and examining the application for temporary injunction independently, even then, the fact that goods imported by the Defendants 1 and 2 are under a registered trademark owned by the Defendant No.1, registered prior in time to the trademark of the Plaintiff, and against which the Plaintiff has preferred a rectification application before the Registrar Trademarks which has yet to be decided, the Plaintiff does not have a *prima facie* case for the grant of a temporary injunction and the

¹ *Trading Corporation of Pakistan v. Devan Sugar Mills Ltd.* (PLD 2018 SC 828).

balance of inconvenience too is in favor of the Defendants 1 and 2. For these reasons CMA No. 10043/2021, CMA No. 19874/2021, CMA No. 5001/2022, CMA No. 5634/2022, CMA No. 7280/2022 and CMA No. 7447/2022 moved by the Plaintiff are dismissed. Resultantly, CMA No. 10779/2021 moved by the Defendants 1 and 2 under Order XXXIX Rule 4 CPC has become infructuous.

JUDGE

*PA/SADAM