

# IN THE HIGH COURT OF SINDH, KARACHI

## Present

Mr. Justice Irfan Saadat Khan  
Mr. Justice Zulfiqar Ahmad Khan

### C.P No. D-533 of 2020

The Directorate of Intellectual Property Rights ..... Petitioner  
*versus*  
Federation of Pakistan through Secretary  
M/o Law & Justice, Government of Pakistan and others ..... Respondents

### C.P Nos. D-8477 & D-8478 of 2019

Stafford-Miller Ireland Ltd and others ..... Petitioners  
*versus*  
M/s. ZNS Auto Corporation and others (in C.P No.D-8477/2019)  
M/s. Al-Jannat Traders and others (in C.P No.D-8478/2019) ..... Respondents

Date of hearing : 30.11.2022

Date of Judgment : 06.12.2022

Dr. Shahnawaz Memon, Malik Abdul Sami, Mr. Zuhaib Akhtar and Ms. Fouzia Murad, Advocates for petitioner in C.P No.D-533/2020 and for Respondent No.2 in C.P Nos.D-8477 and D-8478 of 2019

Mrs. Masooda Siraj and Mr. Javed Hussain, Advocates for Respondent No.7 in C.P No.D-533/2020 and for Respondent Nos.3 and 4 in C.P Nos.D-8477 and D-8478 of 2019

Mr. Iftikhar Hussain Qureshi, Advocate for Respondent No.4 in C.P No.D-533/2020 and for in C.P Nos.D-8477 and D-8478 of 2019

Mr. Amjad Hayat, Advocate

Mr. G.M Bhutto, Assistant Attorney General

## JUDGMENT

**Zulfiqar Ahmad Khan, J:-** These petitions pose an interesting question of law with regard to the competing jurisdictions of the Intellectual Property Tribunal (“IP Tribunal”) established under Section 18 of the Intellectual Property Organization of Pakistan Act, 2012 *viz-a-viz* a matter pertaining to import of goods under the Customs Act, 1969 which has its own hierarchy of IPR adjudication under Section 15,

recently more elaborated through the enforcement of Intellectual Property Rights Rules notified through SRO 170(I)/2017 (“SRO 170”), as well as which, in terms of Section 194 prescribes its own Customs Appellate Tribunal (“Customs Tribunal”); in the light of this, whose judgment is to be followed by the Customs authorities?

2. Brief facts of the case before us are that when a consignment of goods comprising toothpastes was imported, upon acquiring knowledge thereof, the right holders (Petitioners in C.P Nos.D-8477 and D-8478 of 2019) approached the IP Tribunal by filing a suit bearing No.3 of 2019 alleging that such import was infringing their Intellectual Property Rights (IPRs) in **SENSODYNE** trademark and thereafter obtained an injunctive relief vide Tribunal’s order dated 23.01.2019 to the extent of restraining the private defendants from using, exporting, importing, marketing, selling, distributing, supplying, trading and/or offering for sale the plaintiff’s trademarked **SENSODYNE** goods. The official defendants (i.e., Customs Authorities) were also directed to forfeit and seize the consignments and not to permit release thereof. Such an order was duly communicated to the Authorities, which through Directorate of IPR (Petitioner in C.P No.D-533 of 2020), detained those goods under Rule 686 of the Customs Rules 2001.

3. Being aggrieved, the importer challenged such detention, which led to an Order-in-Appeal No.2261 of 2019 dated 18.11.2019 passed in favour of the importer mandating the IPR Directorate to release the consignment, and thereafter a decision also followed from the Customs Tribunal to release the goods. Being posed with divergent orders, the Directorate itself has approached this Court seeking clarification as to whose orders are to be adhered to i.e. whether the order of the IP Tribunal or that of the Customs Authorities or the Customs Tribunal should be complied with.

4. While rival arguments were posed by the learned counsel, however there was consensus as to the contention that the specialist Tribunal created under the Intellectual Property laws i.e. IP Tribunal that actually enjoys the status of a Civil Court under Section 17 of the Intellectual Property Organization of Pakistan Act, 2012 as a specialized forum to adjudicate upon matters pertaining to IPR, and being a superior forum in judicial hierarchy, as any order or judgment of the IP Tribunal has more juristic value than that of any order passed by the Department in the departmental hierarchy, or even by the Customs Appellate Tribunal in an IPR matters. Mr. G.M Bhutto, Assistant Attorney General also subscribed to the above view.

5. Heard the counsel and perused the material available on record.

6. To answer the moot question posed in the opening paragraph, examining the relevant provisions of the laws would greatly help. Whilst Article 212 of the Constitution of the Islamic Republic of Pakistan 1973, empowers legislature to establish Administrative Courts and Tribunals, however that power is only restricted to the creation of Administrative Courts and Tribunals to exercise exclusive jurisdiction in respect of (a) matters relating to the terms and conditions of persons who are or have been in the service of Pakistan, including disciplinary matters, (b) matters relating to claims arising from tortious acts of Government, or any person in the service of Pakistan, or of any local or other authority empowered by law to levy any tax or cess and any servant of such authority acting in the discharge of his duties as such servant, and (c) matters relating to the acquisition, administration and disposal of any property which is deemed to be enemy property under any law<sup>1</sup>. This

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<sup>1</sup> Interestingly, through the creation of Service Tribunal under the Service Tribunals' Act, 1973 (LXX of 1973) at Federal level and, Section 3 of the Sindh Service Tribunals Act, 1973 (Sindh ACT XV of 1973) service tribunals have been established at the Federal/Provincial levels, however no legislation has been made either at Federal or at

clearly excludes constitutional competency to create IP or Customs Tribunals, hence these were accordingly given birth by the parent statutes. Section 194 of the Customs Act 1969 aims to set up an appellate tribunal to be called the “Customs Appellate Tribunal”, through the following language: -

**194. Appellate Tribunal.-** (1) The Federal Government shall constitute an Appellate Tribunal to be called the Customs Appellate Tribunal consisting of as many judicial and technical members as it thinks fit to exercise the powers and discharge the functions conferred on the Appellate Tribunal by this Act.

(2) A judicial member shall be a person who has been a Judge of the High Court or is or has been a District Judge and is qualified to be a Judge of High Court, or is or has been an advocate of a High Court and is qualified to be a Judge of a High Court.

(3) A technical member shall be an officer of Customs and Excise Group equivalent in rank to that of a Member of the Board or Chief Collector of Customs or Director General or a senior Collector with five years experience in that position.

(4) The Federal Government shall appoint one of the members of the Appellate Tribunal to be the Chairman thereof.

(5) The terms and conditions of appointment of the Chairman and judicial and technical members shall be such as the Federal Government may determine.

7. Now let us consider prime provisions of section 16 of the Intellectual Property Organization Of Pakistan Act, 2012 which led to the creation of IP Tribunals in the following terms: -

**16. Establishment of Intellectual Property Tribunals.---**

(1) The Federal Government may, by notification in the official Gazette, establish as many Tribunals as it considers necessary to exercise jurisdiction under this Act, appoint a Presiding Officer for each of such Tribunal and where it establishes more Tribunals than one, it shall specify in the notification the territorial limits within which each of the Tribunal shall exercise its jurisdiction.

(2) Where more than one Tribunal has been established to exercise jurisdiction in the same territorial limits, the Federal Government shall define the territorial limits of each such Tribunal.

(3) Where more than one Tribunal has been established in the same or different territorial limits, the High Court may, if it considers it expedient to do so in the interest of justice

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the Provincial level to establish Administrative Courts or Tribunals in respect of clause (b) and (c) of Article 212(1) till date. To read more on the issue, Please visit <https://courtingthelaw.com/2018/02/20/commentary/the-need-to-develop-constitutional-torts-in-pakistan/> and <https://tribune.com.pk/story/634055/for-justices-sake-petitioner-seeks-to-establish-courts-tribunals-for-tort> .

or for the convenience of the parties or of the witnesses, transfer any case from one Tribunal to another.

(4) A Presiding Officer of the Tribunal shall be appointed by the Federal Government after consultation with the Chief Justice of the High Court concerned in which the Tribunal is established and no person shall be appointed a Presiding Officer of a Tribunal unless he,-

(a) has been a judge of High Court; or

(b) is or has been a District and Sessions Judge; or

(c) is an advocate qualified for an appointment as a Judge of the High Court.

8. While describing powers of the IP Tribunal under section 17, the law gives absolute monopoly to the said Tribunal by holding that no court other than the IP Tribunal shall have or exercise jurisdiction in respect of any matter to which the jurisdiction of the (IP) Tribunal extends under the Act, and as to jurisdiction of such a Tribunal, Section 18 carves in the stone that *“all suits and other civil proceedings regarding infringement of intellectual property laws shall be instituted and tried in the Tribunal and notwithstanding anything contained in any other law for the time being in force, the Tribunal shall have exclusive jurisdiction to try any offence under intellectual property laws”*, where *“Intellectual Property Laws”* are defined to mean the Trade Marks Ordinance, 2001 (XIX of 2001), the Copyright Ordinance, 1962 (XXXIV of 1962), the Patents Ordinance, 2000 (LXI of 2000), the Registered Designs Ordinance, 2000 (XLV of 2000), the Registered Layout-Designs of Integrated Circuits Ordinance, 2000 (XLIX of 2000) and Sections 478, 479, 480, 481, 482, 483, 485, 486, 487, 488 and 489 of Pakistan Penal Code (XLV of 1860).

9. Now a question arises as to whether such a monopoly of deciding IPR conflicts extends to the customs disputes or not. For such purposes, it would be worthwhile to consider the provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights

(TRIPS) Agreement<sup>2</sup> which is an international legal agreement entered into between all the member nations of the World Trade Organization (WTO - including Pakistan) as it aims to establish minimum standards for the regulation by national governments of different forms of intellectual properties. A TRIPS compliant trade mark legislation called the Trade Marks Ordinance, 2001 which repealed the earlier Act of 1940 is holding trade mark reigns in Pakistan which has embodied Articles 51-60 of the TRIPs Agreement pertaining to “Border Measures” into Sections 53-66 of the Ordinance under Chapter VI titled “Importation of Infringing Goods, Material or Articles”. These elaborate provisions aim to deploy the machinery of arresting trade mark infringement disputes at the Borders through Customs authorities, however keeping the *lis* within the ambit of the IP regime.

10. Considering the state of affairs, it is not surprising to see that post-TRIPS legislation has not only yielded into several national laws pertaining to intellectual property rights in Pakistan, but at the same time, many other non-IP laws have also been beefed up to provide better and efficient protection to the emerging forms of intellectual properties. Case in sight is of the Customs Act, 1969 where IP provision briefly suggested in Section 15 over the decades ballooned into the present form in the year 2004 and eventually gave birth to SRO 170. These globalization times have also created the issue of ‘competing jurisdiction’ which though is a relatively new, but an increasingly important phenomenon. The ongoing proliferation of specialized courts and tribunals is seemingly resulting into multiplication of judgments, which have tendency of potential mutual conflicts. Resultantly international standards have been developed by various courts and tribunals across the world to deal with this emerging issue, which standards have been provided in the backdrop of the doctrine of comity,

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<sup>2</sup> [https://www.wto.org/english/tratop\\_e/trips\\_e/trips\\_e.htm](https://www.wto.org/english/tratop_e/trips_e/trips_e.htm)

in particular through “Solange method”, which appears to be a useful tool to deal with the effects associated with competing jurisdictions.

11. The Solange method was originally developed by the German Federal Constitutional Court (Bundesverfassungsgericht) in order to regulate its jurisdiction *vis-a-vis* that of the European Court of Justice, development of this method, which originated in the form of the first Solange judgment of 1974, however, has not been linear, but rather, taken the form of waves, with corresponding highs and lows. Solange method at its core is considered to be an example of judicial comity which is understood to be an inherent part of the tasks and functions of a judge or arbitrator aiming to resolve disputes in conformity with the principles of justice, hence applied when such courts and tribunals are determining whether or not to exercise their jurisdiction in a specific case brought before them. While exemplifying the issue of competing jurisdiction, Nikolaos Lavranos in his paper titled “The Solange-Method as a Tool for Regulating Competing Jurisdictions among International Courts and Tribunals<sup>3</sup> writes *“Justice towards the parties means that every court or tribunal is obliged to resolve a dispute by rendering a decision that is efficient, fair and final. Thus, parties must be discouraged from endlessly re-litigating the same dispute (or parts of the same dispute), while at the same time be encouraged to end their disputes by accepting the outcome of the first proceeding. Since the court or tribunal first seized with a dispute can substantially determine the process, it bears particular responsibility when deciding whether or not to exercise its jurisdiction. But at the same time, the courts and tribunals must exercise its jurisdiction in a way that does not undermine the authority of the other courts and tribunals whose jurisdiction is also potentially triggered. So justice towards the other*

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<sup>3</sup> The Loyola of Los Angeles International and Comparative Law Review (ILR), Volume 30, No. 3 Article 4 - <https://digitalcommons.lmu.edu/cgi/viewcontent.cgi?article=1635&context=ilr>

*courts or tribunals entails showing respect for the other court's jurisdiction by relinquishing its own jurisdiction, staying the proceeding, or taking full account of the other court's decision”.*

12. In the given circumstances where, under international obligations as well as for restructuring the matters pertaining to intellectual property laws and more specifically to comply with the Special 301 proceedings under Section 182 of the United States Trade Act of 1974, Intellectual Property Organization of Pakistan Act, 2012 was enacted which *inter alia* created the Intellectual Property Tribunals through Section 16, and where under Section 17(4) such a Tribunal enjoys exclusivity of jurisdiction with regards IP disputes, and where other foras have been specifically barred to hear matters pertaining to intellectual property laws except the IP Tribunal itself, and where under Section 18, all suits and other civil proceedings relating to the infringement of intellectual property rights are mandated to be instituted and tried by the IP Tribunal, and where under Section 19 final judgment or orders of the Tribunal can only be heard by a High Court in an Appeal; and to the contrary where the adjudicating authorities under the Customs Act, 1969 at best have the power of detaining the goods under Rule 686 and where the judgments of the Customs Appellate Tribunal are only challenged on the point of law under section 196 of the Customs Act, 1969, we are of the considered view that doctrine of comity, and application of the Solange method dictates that trade mark infringement dispute at hand is exclusively adjudicable within the jurisdictional competence of the IP Tribunal, whose verdict would prevail upon any order or proceedings adjudicated under the competing jurisdiction of the Customs Tribunal or any matter decided by the customs authorities within the ambit of the Customs Act, 1969 pertaining to intellectual property laws.



13. We therefore allow these petitions by directing the Directorate of IPR Customs to disregard departmental original, as well as appellate orders or even Customs Appellate Tribunal's orders/Judgment in the presence of any contradictory order(s) or judgment(s) passed by the IP Tribunal, unless there are orders passed by any appellate forum or a Court made available to it which prevents performance of the acts mandated by any order or judgment of the IP Tribunal.

Judge

Judge