

HELLO

Series of brief newsletters released by Bharucha & Co. on latest development of IP predominantly in Pakistan.

USE OF MARK BY FORMER DISTRIBUTOR - PARALLEL IMPORTS PERMISSIBLE IN PAKISTAN

Plaintiffs: SAMSONITE IP Holdings S.a.r.l. and another

Defendant: FAMOUS BRANDS (PVT) LIMITED

The Plaintiffs being joint owners of the world renowned marks, “Samsonite”, “American Tourister” and “High Sierra” (hereinafter referred to as “the Marks”), filed suit for infringement and passing off in the Sindh High Court at Karachi against use of the Marks by the Defendant.

The Plaintiffs claimed to be a part of the world’s largest travel luggage manufacturing group established over a century ago which is famous all over the world, including Pakistan. The Plaintiffs engaged the Defendant as their authorized reseller in Pakistan but there was no written agreement among the parties. Due to lack of performance by the Defendant the Plaintiffs appointed a new distributor in 2016 by severing their relations with the Defendant. In spite of severance of relations the Defendant continued to sell products bearing the Marks and also used the same on its store signage and letterheads. The Plaintiffs filed injunction application under Order XXXIX Rules 1 and 2 to restrict the Defendant from infringing the Plaintiffs’ rights.

The Defendant filed an application under Order VII Rule 10 for return of the plaint stating that the Defendant was situated in Lahore and all negotiations took place at Lahore, the Sindh High Court did not have jurisdiction in the matter. It also filed another application under Order VII Rule 11 for rejection of the plaint on the basis that the claim for infringement was not maintainable as the Plaintiff did not own registration of the Marks in Pakistan.

During the course of arguments the Defendant admitted that it was engaged as the authorized reseller of the Plaintiffs and products were procured either directly from the Plaintiff No. 2 or from open international market. It also admitted that after severance of relations it continued to sell the Plaintiffs’ products as such products were genuine. It also contended that there was no confusion amongst the customers as the Defendant was operating stores under the name of “International House of Luggage” which was distinguishable from the Plaintiffs’ trade name.

In relation to Order VII Rule 10 application the Court held that the suit involved a separate cause of action which had accrued at Karachi, therefore the Sindh High Court had jurisdiction. As regards the application under Order VII Rule 11 it was pointed out that the Plaintiff only had one registration in class 18 of “American Tourister” while the rest of its applications were pending registration. However, the Court noted that the Plaintiff had also sought relief under well-known mark and passing-off so lack of registration was found to be an insufficient ground to reject the plaint.

The Court further held that once the Defendant pleads application under Order VII Rule 10 (lack of jurisdiction) subsequent application under Order VII Rule 11 would automatically submit the Defendant to accepting the Court’s jurisdiction as it is a settled principle of law that only a court of competent jurisdiction can reject a plaint.



As regards injunction application the Court considered the definition of well-known trade marks in the Paris Convention read with the TRIPS Agreement and stated that in accordance with these legal doctrines protection of well-known marks was devolved on a national basis amongst signatory states. In Pakistan, Section 86 of the Trade Marks Ordinance 2001 awarded protection to well-known marks. It further held that according to the information and evidence provided by the Plaintiff, the Marks fell within the definition of well-known marks and the law itself waived the condition of registration of well-known marks. Denying the trade mark holder the benefit of such injunction would be against the law.

Adverting to the stance of the Defendant of not selling counterfeit products the Court examined the principle of “parallel imports”. It stated that parallel imports relate to goods that are genuine and sourced from a third party without the approval of the mark holder. It further stated that parallel imports were allowed in most jurisdictions of the world as it promotes healthy competition and benefits the general public. In the instant case goods bearing the Marks have been shipped to the Plaintiffs’ authorized company in Dubai from where those were shipped to the Defendant. There was no restriction of procuring any sort of branded goods from any free-trade port and importing them into Pakistan. Using a recent decision from a court in Singapore it was held that the Plaintiffs had already reaped economic benefit of their trade mark by first putting the goods on the market in Dubai and subsequently further permitting its export to the Defendant in Pakistan. In this situation the Plaintiffs could not be allowed to exercise monopoly over further sale of those goods once they have already reaped economic benefits. The Court stated that there was no law in Pakistan that prohibited import or sale of such goods and held that there was no infringement in the case of parallel imports.

As regards the last issue relating to use of the Marks on signage by the Defendant, it was observed that in a previous order the Defendant’s undertaking was taken on record to the effect that it was not using any Marks on its outlets in Karachi. On perusal of photographs provided by the Plaintiffs it was evident that certain outlets in Karachi were using the Marks on the signage. Taking into consideration the protection awarded to well-known marks and despite an undertaking it continued to use the Marks on the signage the Defendant was directed to remove the Marks and injunction application was granted.

