

HELLO

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

DECEPTIVE MARKETING PRACTICE

Complainant: Chartered Financial Analyst (CFA) institute

Respondent: Society of Accounting Education

Decision: Deceptive Marketing Practices - Penalty Imposed

The Complainant provided education and training to students and professionals in the field of investment and financial analysis and had gradually extended its operations around the world, including Pakistan. The Respondent provided educational services in the field of finance and accounting. The Complainant alleged before the Competition Commission of Pakistan (**the Commission**) that its registered trademark 'CFA' was being used by the Respondent to deceive the public and to promote its business and that the Respondent had resorted to dissemination of false or misleading information which was capable of harming the business interests of the Complainant. The Complainant further alleged that the Respondent had been distributing false or misleading information by unauthorized use of imitated marks such as 'CFA', 'ACFA', 'FCFA', and 'DCFA', giving the impression that the Respondent was authorized/permitted by the Complainant to use its mark 'CFA'. The Commission conducted an enquiry under the terms of Section 37(2) of the Act and based on the findings of the Enquiry Report, issued a Show Cause Notice to the Respondent requiring to respond in writing and also to appear before the Commission.

The Respondent replied to the Show Cause Notice contending that the Complainant had not approached the Commission with clean hands; having concealed the fact that a suit for Grant of Permanent Injunction restraining the Complainant perpetually from infringing the Respondent's trademark was pending adjudication in the Court of the learned Additional District and Session Judge, Lahore. Therefore, the Complaint was liable to be dismissed. The Respondent further denied having any correlation with the Complaint and submitted that it offered 13 courses and 'CFAC' was one of them. The Respondent highlighted that 'CFAC' stood for Certified Financial Accountants, whereas 'CFA' stood for Chartered Financial Analyst. Furthermore, it had issued a disclaimer on its website that the Respondent had no connection in any manner with the Complainant's CFA program.

The Commission identified the following issues:

Whether or not the presence of a suit for permanent injunction against infringement of trademarks bars the jurisdiction of the Commission under the Act and

Whether or not, the alleged advertisements, marketing material, and trademarks used by the Respondent constitute deceptive marketing practices in terms of section 10 of the Act.

With respect to the bar of the jurisdiction of the Commission, the Commission observed that the subject proceedings before the Commission did not have any nexus with the suit proceedings pending before the learned Additional District and Session Judge. As highlighted by the Respondent in view of the observations made by the Commission in the Matter of Show Cause Notice issued to M/s. Tara Crop Sciences (Private) Limited for Deceptive Marketing Practices; the



pendency of a civil suit or principle of "res sub judice" as enunciated in section 10 of Code of Civil Procedure 1908 (the 'C.P.C.') has no relevance to Commission's proceedings under the Act, as the said section does indeed prohibit the generation of multiple claims pertaining to the same subject matter before different forums, and enunciates the principle of 'res sub judice '. The purpose behind this provision, as explained through case-law, has been to avoid conflicting judgments and wastage of resources. Section 10 is however, limited by its language to be of application only to 'suits' pending in 'courts'. Whereas, according to Section 33 of the Act, proceeding before the Commission is deemed to be a judicial proceeding within the meaning of Sections 193 and 228 of the Pakistan Penal Code and the Commission shall be deemed to be a civil court for the purposes of Section 195 of the Code of Criminal Procedure, 1898. The judicial nature of proceedings carried out by the Commission was therefore limited to the situations demarcated above. In all other situations, the Commission performed quasi- judicial functions and not be deemed a 'court' for the purposes of section 10 of the C.P.C.

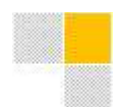
Proceedings before the Commission were therefore not equivalent to suits before a civil court. Furthermore, the settled interpretation of section 10 of the C.P.C. provided that for the section to be applicable, the two suits had to be pending before the courts of the competent jurisdiction.

Regarding the second issue the Commission stated that the evidence available on the record clearly established that the Respondent used the registered trademark of the Complainant i.e., CFA in its marketing and other materials. The images retrieved from the Respondent's website, advertisements in newspapers and the evidence on record substantiated the Complainant's assertions. It was clear that the use of the trade/service mark by the Respondent had the ability to deceive the ordinary consumer (such as students) by giving them false or misleading impression that the Respondent was affiliated with, or had been exclusively authorized by the Complainant, to carry out its programs in Pakistan or that it was otherwise offering a similar qualification as the Complainant. Such usage of the trade/service mark had the ability to deceive the students who may have believed that they were undertaking the CFA program and qualification, which was offered by the Complainant. Apart from misleading the consumer, these practices had the ability to harm the business interests of the Complainant as well.

As such, the usage of the Complainant's trademark 'CFA' amounted to the dissemination of false and misleading information by the Respondent capable of harming the business interest of the Complainant in violation of section 10(1) read with section 10(2)(a) of the Act. Furthermore, the usage of the trademark also amounted to the dissemination of false and misleading information to consumers in violation of section 10(1) read with section 10(2)(b) of the Act. The Commission's opinion was based on the Respondent's conduct, and, the evidence on record; that the Respondent would most certainly have known that its unauthorized use of the Complainant's trademark 'CFA' would deceive consumers resulting in gaining business advantage and that the unauthorized use of the 'CFA' trademark and representation by the Respondent appeared to be of material value, hence constituting to a violation of section 10(1) read with section 10(2)(d) of the Act.

The marks used by the Respondent which were FCFA, DCFA, ACFA and CFAC, contained the words "F", "D", "A" and "Ac" stood for Fellow, Diploma, Associate, and Accountants. Therefore the words "F", "D" and "A" used in the Complainant's trademark 'CFA' connote the idea that these courses were offered by the Complainant. The Commission held that by using the above-noted variation of 'CFA' the Respondent had violated section 10(1) read with section 10(2)(d) of the Act.

The Commission thus directed the Respondent to immediately cease the use of the mark 'CFA' in any form whatsoever and also to cease the use of terms 'DCFA, ACFA, FCFA, and CFAs.' or any other similar acronyms and terms, in any form



and to amend its promotional and marketing material accordingly. The Respondent was also directed to amend its Article and Memorandum of Association to remove any reference to the above mentioned terms.

For the above violations The Commission imposed a penalty on the Respondent of PKR 2 million and directed the Respondent to file a compliance report with the Registrar to The Commission within a period of thirty (30) days from the date of issuance of the order and was reprimanded from indulging in deceptive marketing practices in future as at the risk of severe penal consequences.

