

In the Supreme Court of Pakistan
(Appellate Jurisdiction)

Present:

Mr. Justice Anwar Zaheer Jamali
Mr. Justice Dost Muhammad Khan
Mr. Justice Umar Ata Bandial

Civil Appeals No.861 to 863 of 2007.

(on appeal from judgment of High Court of Sindh, Karachi,
dated 19.4.2006, passed in Misc. Appeals No.2,3&4/1989)

Wella Aktineesellschaft (in all cases)

...Appellant

Versus

Shamim Akhtar & others (in all cases)

... Respondents

For the appellant: Mr. Anwar Mansoor Khan, Sr. ASC,
assisted by Mrs. Umaima Khan, Advocate.

For respondent No.1: Mr. Arshad Ali Chaudhry, ASC/AOR.

Respondent No.2: Ex parte.

Date of hearing: 24.4.2015

JUDGMNET

Anwar Zaheer Jamali, J.- These appeals, with leave of the Court in terms of the order dated 08.03.2007, arise out of the judgment passed in Miscellaneous Appeals No. 02/89, 03/89, 04/89, which were heard and disposed of together by the learned Single Judge in chambers of the High Court of Sindh at Karachi vide impugned judgment dated 19.04.2006, and consequently three orders dated 21.09.1988, passed by the Registrar of Trademarks, Karachi (Respondent No. 2), in rectification petitions bearings numbers 17/86, 18/86 and 19/86, were upheld.

2. The facts leading to the present litigation may be succinctly put forth as follows. The appellant M/s Wella Aktineesellschaft, is a company registered under the laws of the Federal Republic of Germany, who *inter alia* carries on the business of manufacturing and exporting cosmetic items etc. On 19.07.1971, the appellant got registered two marks, "WELLAFORM" (word) and "WELLAFLEX" (word), bearing registration numbers 55811 and 55812, respectively. Additionally, the appellants already had the registered trademark in respect of "WELLA with Device", bearing registration number 8376, dated 28.09.1949 (hereinafter collectively referred to as the "**Trademarks**"). The aforesaid Trademarks were all registered under Class – 3, as being "soap, perfumery, essential oils, cosmetics, products for cleaning, conditioning and embellishing the hair, including hair shampoos, dry shampoos, hair lotions, hair dressing creams, hair care products, hair sprays, permanent waving solutions, bleaching preparations, neutralizing agents, hair dyes, hair colouring products, hair fixing preparations, hair toning preparations, hair setting lotions". The appellant also duly applied for the renewal of "WELLAFORM" and "WELLAFLEX" trademarks, which were renewed up till 19.07.1993. With respect to the trademark "WELLA with device", their registration was also renewed from 28.09.1986 up till 28.09.2001.

3. The appellant, however, could not freely sell their products in Pakistan, in relation to which these Trademarks were registered, from the year 1979 to 1985 due to ban on the import of these products as per the Import Policy Orders 1979-80, 1980-81, 1981-82, 1982-83, 1983-84 and 1984-85 issued by the Ministry of Commerce, Government of Pakistan.

4. As it transpires from the record the Respondent No. 1, which is claimed to be a partnership concern carrying on the business of manufacturing and trading in cosmetics and allied products, as per their claim started using the trademark "WELLA" since the year 1984 and subsequently applied for its registration through T.M.A. No. 87457 in Class-3, which application for registration met with an objection that the Trademarks of the appellant, bearing Nos. 8376 ("Wella with Device"), 55811 ("WELLAFORM") and 55812 ("WELLAFLEX") conflicted with the trademark "WELLA" sought to be registered. Thus, on 09.08.1986, Respondent No. 1, filed rectification applications bearing numbers 17/86, 18/86 and 19/86, regarding "WELLAFORM", "WELLAFLEX" and "WELLA with device", respectively, before Respondent No. 2, seeking expunction of these registered Trademarks, as according to Respondent No. 1, the appellant had registered these Trademarks without any *bona fide* intention to use them in relation to the goods falling in class-3 and had in fact failed to use them since their registration.

5. In the above background, further proceedings were held before the Registrar, Trademarks, Karachi (Respondent No. 2) and through orders dated 21.09.1988, the Trademarks issued in favour of the appellant were cancelled/removed on the ground that the appellant neither used, nor took any steps to use them, as even if import of such classified goods was banned, alternative measures, such as appointing a registered user or assigning their Trademarks, could have been adopted, as was being done by other foreign proprietors of trademarks under similar circumstances. It was held that in the light of extended period of non-use of these Trademarks for over five years, sufficient proof existed that the appellant had no intention of using them in Pakistan.

6. Aggrieved by the aforementioned orders of Respondent No. 2, the appellant preferred three miscellaneous appeals, under section 76 of the Trade Marks Act, 1940, before the High Court of Sindh at Karachi, which were heard and dismissed through the impugned judgment dated 19.04.2006 and, thus, the orders of the Registrar, Trade Marks, Karachi, were upheld.

7. We have heard the arguments of Mr. Anwar Mansoor Khan, learned Sr. ASC for the appellant and Mr. Arshad Ali Chaudhry, learned ASC for respondent No.1, while respondents No.2 has been proceeded ex-parte. The learned Sr. ASC for the appellant initially made reference to the leave granting order passed in these

connected appeals, wherein, for this purpose, reference was made to the case of Cooper's Incorporated v. Pakistan General Stores & another (1981 SCMR 1039). On facts, his submission was twofold. Firstly, that the timeframe prescribed under section 37(1)(b) of the Trademarks Act 1940 (hereinafter referred to as "the Act of 1940") for deciding the issue of removal of some trademark from the Register of Trademarks on the ground of its continuous non-use for five years, was to be computed from the date within one month from the date of application, which in the instant case were submitted by the respondent No.1 on 09.8.1986, but against it, the respondent No.2 as well as the learned Single Judge in chambers of the High Court of Sindh in their respective orders/judgment computed this period from the year 1971, which is patently contrary to the spirit of the applicable law. Disputing the findings on non-use of Registered Trademarks, he made reference to a bunch of documents to show the active use of their Registered Trademarks by the appellant Company in Pakistan during the year 1984 to 1986, which fact, according to him, brought their case out of the purview of penal consequences provided under section 37(1)(b) (*ibid*). In the same context, he also laid stress upon the use of word "bonafide" and contended that unless the Registrar could find some ulterior or malafide motive of the appellant in the purported non-use of their trademarks during the requisite period of five years upto the date of

one month before the date of application, the said penal provision could not have been invoked against them. In support of his next submission that it was due to continued ban on the import of goods of the specified classification of Registered Trademark, under the Import Policy Orders for the year 1979-80 to 1984-85, imposed by the Ministry of Commerce, Government of Pakistan, that the appellant were helpless to carry on the business of their registered trademark goods in class-3 in Pakistan, he also made reference to the relevant import policy orders of this period. Further, in this context, he placed reliance upon the judgment in the case of Procter and Gamble Ltd. V. Registrar of Trade Marks (1988 CLC 252), which lays down as under:-

“From the above discussion it is quite clear that whether "special circumstance" existed in a case which justified non-user of the mark by the registered proprietor within the meaning of section 37(3) of the Act is to be decided with reference to the facts and circumstances of each case. The important factor however, to be kept in mind while deciding the above fact is whether the actual non-user of the trade mark resulted on account of any intention on the part of the registered proprietor to abandon the mark or on account of certain other factor which would amount to special circumstances for such non-user. Here, again, while considering the other factors, it is not merely the attendant or attached circumstance to any particular individual business which is relevant but a special circumstances of the kind which affects or applies to all the traders in that particular trade. In other words if peculiar or abnormal circumstances exist which has resulted in the non-use of the trade mark and over which the registered proprietor had no control then the requirement of section 37(3) regarding existence of special circumstance for non-use of the mark shall be deemed to have been fulfilled. It will thus be seen that if there are circumstances which make ordinary uses of

international trade impracticable then such circumstance would amount to existence of a 'special circumstance' resulting in the non-user of the mark by the registered proprietor. In the case before me it is common case between the parties that there existed from the beginning a complete ban on the import of detergent in Pakistan. These restrictions on the import of detergent in Pakistan are not restricted to affect the business of any particular individual but all the traders dealing in the import of detergent are affected by these restrictions. I am, therefore, of the view that non-use of mark by the appellant on the goods is the result of import restriction on such goods, which constituted a special circumstance within the meaning of section 37 the Trade Marks Act, and, therefore, the Registrar was not justified in ordering removal of their mark from the register."

(also see AIR 1973 Bombay 191).

8. Conversely, Mr. Arshad Ali Chaudhry, learned ASC for respondent No.1 contended that it is an admitted position from the case record that the three Registered Trademarks, regarding which respondent No.1 had moved applications under section 37(1)(b) (*ibid*) against the appellant, were registered in their favour on 28.9.1949, 19.7.1971 and 19.7.1971, respectively, but in Pakistan there was no use of these trademarks by the appellant Company throughout the subsequent period. Thus, the conclusion recorded by the respondent No.2 in his order dated 21.9.1988, as upheld by the High Court in its impugned judgment dated 19.4.2006, is based on proper appreciation of facts and correct interpretation of law. As regards the import policy orders issued by the Ministry of Commerce, Government of Pakistan during the year 1979-80 to 1984-85, neither the learned ASC disputed its genuineness nor the fact that the

classified products of the appellant under their registered Trademarks squarely fell under class-3 in respect of soap, perfumery, essential oils, cosmetics, products for cleaning conditioning and embellishing the hair, including hair shampoos, dry shampoos, hair lotions, hair dressing creams, hair care products, hair sprays, permanent waving solutions, bleaching preparations, neutralizing agents, hair dyes, hair colouring products, hair fixing preparations, hair toning preparations, hair setting lotions etc, thus covered by the banned imposed under such import policies. The learned ASC when confronted with the documentary evidence showing the engagement of appellant company based in Germany in making sells and supply of their products in Pakistan under the registered trademarks soon after lifting of ban and also making correspondence with businessmen in Pakistan for manufacturing their products under a license etc, again he could not show anything from the record to rebut these documents or the contents of the affidavit of Mr. Helmut Stollreiter, Head of the Legal Department of the appellant company dated 02.12.1986, filed by him alongwith the objections of the appellant to the applications under section 37(1)(b)(*ibid*), moved by respondent No.1 before respondent No.2 for removal of registered trademarks of the appellant, showing that genuine efforts were made by the appellant company during the years 1984 to 1986 for securing business for their products in Pakistan. He, however, argued that as a

bonafide businessman respondent No.1 after making honest search had started the use of the trademark "WELLA" on his products since the year 1984 and had spent substantial amount over the promotion of his business under such trademark, therefore, they being aggrieved person, no ulterior motive could be attributed to them in moving such applications before the respondent No.2, which were fully in conformity with relevant provisions of the Act of 1940. In support of his arguments, he referred various cases as also cited in the impugned judgment.

9. Having considered the respective submissions of the learned ASCs and scanned the material placed on record, in the first place, we deem it appropriate to reproduce hereunder the provisions of section 37 (*ibid*), which read thus:-

37. Removal from register and imposition of limitations on ground of non-use: (1) Subject to the provisions of Section 33, a registered trade mark may be taken off the register in respect of any of the goods in respect of which it is registered on application in the prescribed manner by any person aggrieved to a High Court or to the Registrar, on the ground either-

- (a) That the trade mark was registered without any bona fide intention on the part of the applicant for registration that it should be used in relation to those goods by him or, in a case to which the provisions of Section 36 apply, by the company concerned, and that there has in fact been no bona fide use of the trade mark in relation to those goods by any proprietor thereof for the time being

up to a date one month before the date of the application; or

- (b) that up to a date one month before the date of the application, a continuous period of five years or longer elapsed during which the trade mark was registered and during which there was no bona fide use thereof in relation to those goods by any proprietor thereof for the time being

Provided that, except where the applicant has been permitted under subsection (2) of Section 10 to register an identical or nearly resembling trade mark in respect of the goods in question or where the Tribunal is of opinion that he might properly be permitted so to register such a trade mark, the Tribunal may refuse an application made under clause (a) or clause (b) in relation to any goods, if it is shown that there has been, before the relevant date or during the relevant period, as the case may be, bona fide use of the trade mark by any proprietor thereof for the time being in relation to goods of the same description, being goods in respect of which the trade mark is registered.

(2) Where in relation to any goods in respect of which a trade mark is registered:

- (a) the circumstances referred to in clause (b) of subsection (1) are shown to exist so far as regards non-use of the trade mark in relation to goods to be sold, or otherwise traded in, in a particular place in Pakistan (otherwise than for export from Pakistan), or in relation to goods to be exported to a particular market outside Pakistan; and
- (b) a person has been permitted under sub-section (2) of Section 10 to register an identical or nearly resembling trade mark in respect of those goods under a registration extending to use in relation to goods to be so sold, or otherwise traded in, or in relation to goods to be so exported, or the Tribunal

is of opinion that he might properly be permitted so to register such a trade mark, on application by that person in the prescribed manner to a High Court or to the Registrar, the Tribunal may impose on the registration of the first mentioned trade mark such limitations as it thinks proper for securing that that registration shall cease to extend to such use.

(3) An applicant shall not be entitled to rely for the purpose of clause (b) of sub-section (1) or of sub-section (2) on any non-use of a trade mark which is shown to have been due to special circumstances in the trade and not to any intention to abandon or not to use the trade mark in relation to the goods to which the application relates.”

10. A careful reading of the above reproduced provision of law qua the scheme of the Act of 1940 reveals that it is a penal provision aimed to work as deterrent for those, seeking Registration of any trademark under the Act of 1940 with some ulterior motive, which they do not intend to use or there had been in fact no bonafide use of their trademark in relation to those goods for a specified period. But for seeking the relief of removal/revocation of a registered trademark under section 37(1)(b) (*ibid*), specific minimum timeframe of five years has been provided during which there had been no bonafide use of such trademark by its proprietor, which is to be computed from a date one month before the date of application submitted by any aggrieved person in this regard. In the present case, as mentioned earlier, the three identical applications under section 37, 38 and 46 of the Act of 1940 were submitted by respondent No.1 for seeking removal of registered trademarks of the

appellant on 09.8.1986, precisely, with the same assertions that there was no bonafide use thereof from the side of appellant for a period of over five years by that time and since the year 1984, Trademark "WELLA" was honestly used by the respondent No.1, thus, the three registered trademarks No.8376, 55811 and 55812 in class-3 of the registered trademarks were prejudicial to their interest and liable to be removed/cancelled.

11. As against the above claim of the respondent No.1, a detailed reply was submitted by the appellant company before the Registrar on 24.12.1986, duly supported with the affidavit of their Legal Advisor, wherein these allegations were strongly refuted both on law and facts on the basis of documentary evidence, which, on the one end furnished sufficient proof about the sincere efforts for use of Trademarks by the appellant company after lifting of ban on the imports of such classified goods by the Ministry of Commerce, Government of Pakistan, from the year 1984-85 and before that barring the import of their goods under class-3, on the basis of import policy for the years 1979-80 to 1984-85. The Registrar Trademark/respondent No.2, in his orders dated 29.8.1988 seems to have totally overlooked such documentary evidence furnished by the appellant in support of their claim, so also the effect of import policy orders, which, to say the least, show that non-use of these trademarks by the appellant during the crucial period within five

years was under special circumstances due to such legal bar and not malafide, thus, furnished presumption of bonafide non-use of trademarks by them during such period. If these documents which have remained unchallenged and un-rebutted, are taken into consideration then there remains no continuous period of non-use of trademarks for five years before the date of filing application by respondent No.1 for removal/revocation of trademarks of the appellant, which is a condition precedent under the relevant provision of law for pressing into service its penal consequences. As regards the other defence offered by the appellant to justify their non-use of trademarks during the period 1979-80 to 1984-85, i.e. the import policy orders issued by the Ministry of Commerce, Government of Pakistan, again, we find that the import policies for that period, copies whereof have been placed on record, substantiated the claim of the appellant in this regard, while the ratio of judgment in the case of Cooper's Incorporated (*supra*) further lend full support to their case. In this matter the Court, dealing with a case under section 10 of the Act of 1940 qua plea of acquiescence, held as under:-

“As the respondent has deliberately copied the appellant's registered trade mark, it could have succeeded before the Deputy Registrar only if it had roved honest concurrent use, of the mark 'Jockey' or "other special circumstances" within the meaning of this subsection. But, the Deputy Registrar has given a categorical finding that the respondent had dishonestly copied the appellant's trade mark. Therefore, the first question is whether

there is any error in this finding. 'The burden of proving an error in this finding was on the respondent, but Mr. Thaker only relied on the fact that the appellant had not been able to sell its products in Pakistan, because of import restrictions. Now, although the appellant has not been selling its products in Pakistan because of import restrictions, this does not entitle the respondent to copy the appellant's trademark, because by doing so, it is deceiving the public into thinking that its products are the products of the appellant. And, on the other hand, it would appear that the respondent did not produce any evidence before the Deputy Registrar to show that its use of the mark 'Jockey' was honest, therefore, as pointed out long ago by the Privy Council in *Subbiah v. Kumeraval* (1) the fact that the respondent has copied the appellant's mark cast on it a heavy burden' to show that its use of the appellant's mark was honest. But, as it has not produced any such evidence, it follows that it had dishonestly copied the appellant trade mark and, the High Court would not have been justified in interfering with Deputy Registrar's finding that the respondent had dishonestly copied the appellant's trade mark."

12. Looking to the case of respondent No.1 for grant of requisite relief, claimed by them in their applications under section 37 of the Act of 1940, submitted before respondent No.2, it is also relevant to mention that in the year 1984 for the first time they had started using the trademark "WELLA" for their products under class-3, when the three registered trademarks of the appellant were already in field for a considerable long period. In such circumstances, mere assertion of respondent No.1 that adoption of such trademark was after due search undertaken by them and bonafide, is not free from serious doubts. More so, in the circumstances when no material

in support of such plea was placed on record and the trademarks of the appellant were well known and recognized internationally. It may also be added here that the burden of proof regarding the two material facts, (a) whether there was no bonafide use of the Registered Trademarks by the appellant for a continuous period of five years upto a date one month before the date of the application without any lawful excuse or special circumstances as envisaged under section 37(3) *ibid*, and (b) whether the attempt of respondent No.1 for seeking registration of word "WELLA" as their trademark was bonafide, was squarely upon respondent No.1, which was to be proved beyond reasonable doubt, so as to invoke its penal consequences against the appellant, but, as discussed above, they failed to discharge.

13. In addition to it, the observations of Respondent No.2, contained in his orders dated 21.9.1988, that in case of ban on goods in class-3 under the import policies issued by the Ministry of Commerce, government of Pakistan for the years 1981-82 to 1984-85, the appellant could have appointed some registered user under section 39 of the Act of 1940, or they could have assigned their trademark by invoking section 28 of the Act of 1940, or granted license to some person to avoid the penal consequences of section 37(1)(b) *ibid*, are equally without force as the Act of 1940 does not envisage any such compulsion to avoid the consequence of

Government ban, which could be justly and fairly considered as special circumstances in the trade within the meaning of section 37(3) *ibid* and not to any intention of appellant to abandon or not to use their trademarks.

14. The upshot of above discussion is that the High Court in its impugned judgment as well as the Registrar/respondent No.2, in his orders dated 21.9.1988, wrongly invoked the provisions of section 37(1)(b) of the Act of 1940 for ordering removal of registered trademarks of the appellant.

15. Foregoing are the reasons for our short order dated 24.4.2015, passed in these appeals, which reads as under:-

“Having heard the arguments of the learned ASCs for both the parties, for the reasons to follow separately, these appeals are allowed, the impugned judgment and the three orders dated 21.9.1988, passed by Respondent No.2 are set aside. Resultantly, Rectification Cases No.17, 18 and 19 of 1986 are dismissed and the registered trademarks of the appellant are restored.”

Judge

Islamabad,
24th April, 2015.
Approved for reporting.
صدافت

Judge

Judge