

**(Judgment Sheet)**  
**IN THE ISLAMABAD HIGH COURT, ISLAMABAD**  
**JUDICIAL DEPARTMENT**

**F.A.O No.57 of 2020**

Muhammad Multazim Raza Khan  
*Versus*  
Muhammad Ayub Khan and others.

Appellant by: Mr. Misbah ul Mustafa, Advocate.  
Respondents No.1 & 3 by: Mr. Sheraz Butt, Advocate.  
Respondent No.2 by: Mr. Najm-us-Salehean, Advocate.  
  
Date of hearing: 03.02.2021

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**GHULAM AZAM QAMBRANI, J.:-** This First Appeal against Order has been filed against judgment dated 11.03.2020 passed by the learned Intellectual Property Tribunal, Islamabad, whereby the plaint was ordered to be returned to the plaintiff/appellant in terms of Order VII Rule 10 CPC, for want of jurisdiction

2. Brief facts necessary for adjudication of this appeal are that the appellant filed a suit for perpetual injunction against infringement of registered trade mark against the defendants contending therein that the plaintiff and defendant No.1 entered into a partnership agreement at Islamabad on 28.11.2013, forming a Firm in the name and style of “**M/S Zakori International**” with its office at Murree Road, Rawalpindi; that the said Firm was duly registered with Registrar of Firms Rawalpindi under the partnership Act; that after establishing M/S Zakori International, the appellant/plaintiff became busy in his other business ventures abroad. The appellant/plaintiff had to act as a dormant partner of M/S Zakori international, hence he reposed his complete trust in respondent/defendant No.1 on the basis of family relationship and past association; that respondent No.1 was running all the day to day affairs of the Firm since beginning and all the record of business and accounts was in his control. However, as per

business needs, the appellant/plaintiff used to inject capital in the business as required by respondent No.1; that bank account of M/S Zakori International was also operated by respondent No.1, who was also having control over the business of M/S Zakori International and the appellant/ plaintiff had complete trust and confidence in him; that M/S Zakori international is currently operating two successful brands i.e. Mr. COD with 22 branches across Pakistan, two in Afghanistan and one in Bahrain and Ranchers, an indigenous brand of Zakori International having two branches one in the Rawalpindi and the other in Islamabad; that trade mark Ranchers has been registered jointly in the name of respondent/defendant No.1 and the appellant/plaintiff under Section 33 (4) of the Trade Mark Ordinance, 2001 by the Registrar of Trade Mark vide No.401490 dated 06.11.2015, which means that all the Intellectual property rights relating to the Ranchers are vested in Zakori International, which in equal shares, is jointly owned by the appellant/plaintiff and respondent No.1; that despite the fact that the appellant and respondent No.1 were joint owners of the registered trade mark namely "Ranchers", respondent No.1 initiated the process of granting master franchising rights of Ranchers to respondent No.2 without obtaining prior consent from the appellant by executing a Joint ventures partnership agreement for Ranchers the J.V agreement was made on 01.04.2017, at Islamabad. The grievance of the appellant is that respondent No.1 without consent of the plaintiff and in violation of the partnership deed dated 28.11.2013, is executing joint venture partnership agreement of "Ranchers" with defendant No.2, through defendant No.3 in violation of Section 24(5) of the Trademark Ordinance, 2001; that signing of the joint agreement by defendant No.1 with defendant No.2 without consent and approval of plaintiff constitutes infringement of registered trade mark of plaintiff within the meaning of Section 40(5) read with Section 46 of the Trademark Ordinance, 2001.

3. After hearing both the sides, the learned Tribunal vide the impugned order dated 11.03.2020 reached to a conclusion that

there was no infringement of trade mark, therefore, the suit was not maintainable before the Intellectual Property Rights Tribunal, hence, ordered return of the plaint in terms of Order VII Rule 10 CPC. Feeling dissatisfied with the same, the instant appeal has been preferred.

4. Learned counsel for the appellant argued that Section 18 of the Trade Mark Ordinance, deals with the jurisdiction of the Tribunal, which clearly provides that all suits and other civil proceedings regarding infringement of intellectual Property Laws shall be instituted and tried in the Tribunal; that the instant suit, seeking a decree for protection from infringement of rights, *ibid*, was very much covered by Section 18, *ibid*, hence the learned tribunal was having jurisdiction in the matter; that the learned Tribunal was quite competent to entertain the matter, try the same and grant the relief claimed but it has failed to exercise its jurisdiction properly; that the learned tribunal has technically knocked-out the appellant from the *lis*; that the impugned order is not in accordance with law; that valuable rights of the appellant are involved in the litigation; that impugned order suffers from legal perversity and is not sustainable in the eyes of law; that the respondent No.1 has infringed the rights of the appellant and violated Section 24 (5) of the Ordinance, 2001; that controversy between the parties could be settled by disposal of suit on merits and not otherwise; that the impugned order being not sustainable is liable to be set aside. Ultimately, acceptance of appeal was prayed for.

5. Learned counsel for the respondents, on the contrary argued that first of all, the learned tribunal has to determine the question of its jurisdiction; that the appellant has no case of infringement of trade mark, as the trade mark in question was never physically violated or infringed; that the defendant No.1 was a joint partner and he was entering into a contract with defendant No.2 qua use of the trade mark in-question; that civil suit has already been filed before the civil court; that the learned tribunal was not having the

jurisdiction, hence it has rightly passed the impugned order, which does not call for any interference, hence dismissal of the appeal was prayed for.

6. I have considered the arguments advanced from both the sides and have gone through the material available on record, which reveals that the appellant has not been ousted from the litigation on merits but on the basis of lack of jurisdiction by the Tribunal. The main proposition falling for determination is as to whether the learned Tribunal has the jurisdiction or not..? The jurisdiction of the tribunal has been defined in Section 18 of the Trade Mark Ordinance and it would be advantageous to reproduce the same hereunder to understand the issue:-

**18. Jurisdiction of the Tribunals:-** (1) *All suits and other civil proceedings regarding infringement of intellectual property laws shall be instituted and tried in the Tribunal*

7. Similarly, the phrase "**Intellectual Property Law**" is defined in the IPO Act, which means the laws specified in the schedule annexed thereto. This court has to examine whether the dispute qua infringement of trade mark by a co-partner is a violation of the relevant laws or not and whether a claim in this behalf can be made before the IPO or not.

8. Admittedly, Section 40 of the Trade Mark Ordinance, 2001 deals with the infringement of the trade mark, whereas Section 46 (1) and (2) of the Trade Mark Ordinance, 2001 relates to action for infringement. In this context following are the ingredients of a suit for infringement of a trade mark:-

- (i) *The plaintiff trade mark must be registered;*
- (ii) *The defendant trade mark is identical with or deceptively similar to the registered trade mark of the plaintiff;*
- (iii) *The defendant "Uses in the course of trade" a trade mark identical to that of plaintiff;*
- (iv) *The use of mark by the defendant must not be accidental, but in "course of trade";*
- (v) *The mark of defendant is causing confusion in the minds of the customers of the goods and services of the plaintiff.*

9. Here the question arises that whether mere usage of registered trademark belonging to a person by another person constitutes infringement and whether that usage need to be necessarily in the course of trade and whether usage of trade mark while executing any agreement ,constitutes infringement. The contention of the appellant side is that agreement between defendants No.1 and 2 has been executed in violation of Section 24 (5) of the Trade mark Ordinance, 2001, therefore, the same constitutes an infringement within the meaning of Section 40 (5) of the Ordinance, *ibid*, and accordingly the same is actionable under Section 46 (1) & (2) of the Trade mark Ordinance, 2001, meaning thereby that according to section 40 of the Trademark Ordinance, the defendant ought to physically use the trade mark of the plaintiff in the course of trade for constituting any infringement. In the instant case, the situation seems to be entirely different because the trade mark partially owned by the plaintiff has not been used, as yet, therefore, there is no question of infringement by the defendants in the course of trade.

10. A careful examination of the record reveals that the instant suit has been filed only on account of signing of an agreement between defendant No.1 and defendant No.2 and the stage of use of the trade mark has not yet reached. According to the contents of the plaint, defendant No.1, who is the joint owner of the trade mark "Ranchers" with the plaintiff is assigning the registered trade mark to defendant No.2 through an agreement dated 01.04.2017 without seeking the approval of plaintiff being the co-owner of the trade mark, in violation of Section 24 (5) of the Trade Mark Ordinance, 2001. The plaintiff while considering this action of defendant No.1 as an infringement of his registered trade mark has filed the instant suit. Thus the actual dispute is between co-owners of the trade mark and the plaintiff has filed the instant suit to restrain his co-owner i.e. defendant No.1 from entering into a franchise agreement of the trademark with defendant No.2. This Court has failed to find any express provision in the Trade Mark Ordinance, which prohibits

a co-owner of a trade mark to enter into an agreement qua the subject trade mark with anyone else. Similarly, there is no provision in the Ordinance, *ibid*, which empowers a co-owner to file a suit against the other co-owner qua the issue of infringement. Similarly, there is no denial of the fact that any violation of Section 24 (5) read with Section 69 of the Trade Mark Ordinance falls within the jurisdiction of a District Court under Section 117 of the Trade Mark Ordinance and, as such, the Tribunal cannot adjudicate upon a controversy between the co-owners of the trade mark.

11. The next proposition, which boils down for determination is whether a dispute of partnership between the co-owners of a trade mark can be settled by the Tribunal while exercising its jurisdiction within the meaning of Section 18 of the IPO Act. This court has carefully attended this aspect of the matter. Prior to the IPO Act 2012 all civil suits/proceedings regarding protection of intellectual property rights were filed before the District Judge under Section 117 of the Trade Mark Ordinance, 2001. The relevant Section of the Trade Mark Ordinance, 2001 is reproduced hereunder in verbatim:-

***"Suits for infringement to be instituted before District Court. No suit for the infringement of a trade mark or otherwise relating to any right in a trade mark shall be instituted in any court inferior to a District Court having jurisdiction to try the suit"***

12. It is a matter of common knowledge that by enactment of IPO Act 2012 Intellectual Property Tribunals were established under Section 16 of the Act, *ibid*, and under Section 17 (6) of the Act, the cases pertaining to intellectual property rights were transferred to the Tribunals. Section 17 (4) & 6 of the Act, *ibid*, are reproduced hereunder :-

***"Powers of the Tribunals (4) Subject to subsection (5) no court other than a Tribunal shall have or exercise any jurisdiction with respect to any matter to which the jurisdiction of the tribunal extends under this Act.***

***(6) All suits and proceedings pending in any court instituted under intellectual property laws shall stand transferred to, and be heard and disposed of by ,the***

*Tribunal having jurisdiction under this Act., On transfer of proceedings under this sub-section the parties shall appear before the tribunal concerned on the date previously fixed"*

13. From the perusal of the record, it is established that there was no physical infringement as such, as the trademark of the plaintiff has not been physically used by defendant No.2 in the course of trade, therefore, within the meaning of Section 40 read with Section 46 (1) &(2) of the Trade mark Ordinance, 2001, the instant suit before the Tribunal was not maintainable.

14. Admittedly, there is a dispute between the plaintiff and the defendant No.1 being joint owners of the trade mark and therefore, any violation of Section 24 (5) of the Trade mark Ordinance, 2001 read with Section 69 of the Trade Mark Ordinance, 2001 cannot be agitated before the learned Tribunal and in terms of Section 117 of the Trade Mark Ordinance, 2001, Court of learned District Judge is the relevant forum.

15. For the aforesaid reasons, the impugned order does not call for any interference at this end, hence the appeal is devoid of any substance, therefore, the same is **dismissed**.

**(GHULAM AZAM QAMBRANI)**  
**JUDGE**

*Announced in open Court on this 26<sup>th</sup> day of February, 2021.*

**JUDGE**