

Pakistan

Globalisation and protection of foreign trademarks

The Trademarks Law does not differentiate between foreign and local trademarks. A trademark which is registered or in use in Pakistan receives the same protection whether it is owned by a Pakistani company or a foreign company. However, the Pakistani courts have extended protection to well-known foreign trademarks far beyond the traditional scope of such protection. This chapter traces the history of this protection, which has been extended through various decisions handed down by the High Court and Supreme Court of Pakistan.

With globalisation, trade and commerce have become both international and borderless in nature, as well as more competitive. Businesses search for new products and new markets, and look to establish production facilities outside their home country in search of cheaper labour and raw materials in order to lower production costs and enhance profitability. Governments worldwide are competing for such foreign trade and investment by providing effective legal frameworks and implementing investment-friendly policies.

Businesses set up subsidiaries in those countries which provide effective protection for their rights and investments and, as a result, higher profitability and an investment-friendly environment.

Approach of the national courts

The Pakistani courts have long acknowledged the importance of protecting the rights of IP owners. Their approach when dealing with issues relating to IP rights has been forward looking.

The first case involving considerations relating to the protection of foreign trademark rights was *Abdus Salam v Crown Radio Corporation* (PLD 1973 Kar 24), in which an importer's attempt to register the trademark of a Japanese company from which he imported goods was denied by the High Court.

While the Pakistani courts continued to decide cases involving disputes between two foreign companies or

between a foreign company and a Pakistani company involving IP rights, the first key judgment in this area was given in 1979 by the Sindh High Court in *Société De Fabrication v Deputy Registrar of Trademarks* (PLD 1979 Kar 83). In protecting an international trademark the court observed: "The conduct of the respondent in appropriating trademarks of foreign owners is not proper... It is common knowledge that trade in French perfumery is of international character. With the revival of international trade and international publicity, the rights of owners of foreign trademarks ought to receive some safeguard unless it is clear from the evidence that the foreign owners have abandoned their intention of marketing their products under the mark in this country."

This trend was confirmed in *Alpha Sewing Machine v Registrar of Trademarks* (PLD 1990 SC 1074), in which the Supreme Court of Pakistan approved the following observations of the Lahore High Court: "With the proliferation of the means of communication media the names and products of major world-renowned companies are getting the attention of the public at large in all civilised countries of the world and Pakistan is no exception. Extensive travelling abroad in the recent past has made it possible for the people of Pakistan to have knowledge of internationally renowned companies and their products."

This judicial trend was explained by the Sindh High Court in *Morphy Richards Ltd v Registrar of Trademarks* (1992 MLD 2506) as follows: "An enactment on trademarks is essentially an international statute, catering to national and international sensibilities... We are living in an information age where the world has become a veritable global village."

Globalisation thrives on the honesty of business practices. The judgments delivered by the Pakistani courts on IP rights (particularly in relation to the adoption and use of marks, the marketing of novel products and the use of copyrighted matter) show that

the consideration of honest intentions has been pivotal to such judgments. Thus, in *Cooper's Incorporated v Pakistan General Stores* (1981 SCMR 1039) the Supreme Court of Pakistan held that: "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."

In the same case the Supreme Court also approved the following findings by the High Court: "Clearly, if the adoption of a trademark by an appellant is proved to be dishonest, no amount of use of the trademark by it can justify registration."

In *Kabushiki Kaisha Toshiba v Ch Muhammad Altaf* (PLD 1991 Supreme Court 27) the Supreme Court, while refusing a Pakistani applicant's registration of the trademark TOSHIBA, held that: "The respondent has shown no reason tenable at law to pick up an invented word of a foreign firm enjoying both inside and outside the country a reputation for electrical goods of various descriptions. It is registered in this country as such. Against this background, the adoption of the same trademark phonetically in respect of electric fans is bound to create a likelihood of confusion and deception to the consumers of such goods. Hence, it is against the public interest to register such a trademark."

In another landmark judgment of the Sindh High Court in *National Detergents Ltd v Nirma Chemicals Works* (1992 MLD 2357), in which the foreign company's trademark NIRMA was not being used in Pakistan, it was held that: "The appellants have not alleged that the first respondents had abandoned any intention to use their foreign trademark in Pakistan for the goods and such inference cannot also be drawn in this case as the respondents have themselves filed an application for registration of their mark and have expressed their intention to use it in Pakistan. The use of the word 'Nirma' is clearly not *bona fide*. No appreciable reason has been shown by the appellants or their counsel except with the intention to cause confusion. The conduct of the appellants in appropriating the trademark of foreign owners is not proper."

In *Mars Incorporated v Pakistan Mineral Water Bottling Plant (Private) Limited* (2001 MLD 39) the defendants launched their beverages under the trademark MARS, which is famous worldwide for confectionery. The Sindh High Court at Karachi granted an interim injunction in favour of Mars even though the plaintiff's goods (confectionery products) were different from the defendant's goods, and recognised MARS as a well-known international mark.

Licensing

One of the oldest ways of globalising business is through licensing, which invariably involves the use of intellectual property. Licensing is also the most commonly used way of commercialising intellectual property on a global scale.

Unless countries provide an effective mechanism to enable the creation of licensing contracts and ensure that the termination of such contracts can be done without difficulty, the productive growth of the global commercialisation of products incorporating one or more types of IP right would be impossible.

In *The Monarch Company Inc v The Seven Up Company* (1993 SCMR 758) the Supreme Court, dealing with franchising and licensing issues, laid down the principle that "against the background of franchise agreements the use of the trademark by the licensee/vendee was and can in law be taken to be use by the registered proprietor".

In other cases involving the licensing of IP rights, the Pakistani courts' approach has been rational, proactive and confident. Thus, in *Bolan Beverages v Pepsico Inc* (2004 CLD 1530) the Supreme Court, and in *Concentrate Mfg Co v Seven-up Bottling* (2002 CLD 77) and *Roomi Enterprises v Stafford Miller* (2005 CLD 1805 (DB)) the High Court, upheld the right of the trademark owners to terminate licence agreements.

Challenges of globalisation

The globalisation of society and trade and the scientific revolution have posed a serious challenge to the IP system, the moral justification for which has always been that it helps to promote and reward innovation for the improvement of society as a whole. One of the challenges is to ensure that the IP system is developed internationally as a promoter of socio-economic growth, while at the same time making the acquisition, protection and enforcement of IP rights easier and more effective worldwide.

Impact of digital technology

The rapid development of digital technology affects all areas of life. Satellite broadcasting, cable television, digital transmission systems, high-powered and compact storage devices and the information superhighway (ie, the Internet) have transformed the manner in which intellectual property can be created, used and disseminated. The strength of such technologies makes them truly global, defying all borders, yet in certain circumstances they can be threatening.

Technology and the Internet have had a significant impact on intellectual property and the international IP system. By virtue of high-tech gadgets and equipment, anyone can make 'virtually genuine' copies of original

works with speed and accuracy, and in volumes that were inconceivable some years ago. Each copy can be further reproduced and disseminated to the public almost instantaneously. In addition, the equipment needed to do all this not only is affordable for counterfeiters, but is available to millions of individual users in their homes. In other words, stealing another party's IP rights and exploiting them commercially has never been easier.

In cases of IP right infringement, an infringer may be selling infringing products over the Internet through virtual offices and may have no physical place of business or establishment within Pakistan. However, since the products are offered to the public within Pakistan, at least part of the cause of action would arise in Pakistan and the Pakistani courts would have jurisdiction to adjudicate upon such matters. Of course, it would be challenging to enforce such a judgment. To this end, the government needs to consider entering into treaties and agreements with more countries regarding the enforcement of foreign judgments so that the judgment in such a case could be served upon the company hosting an offending website, forcing it to take the website down.

The higher courts have anticipated modern trends and taken a progressive approach when adjudicating issues relating to domain names and the Internet. Thus, the Sindh High Court in *Acer Inc v Acer Computers* (2004 CLD 1131) extended protection to the internationally well-known mark ACER against its misuse as a domain

name on the Internet and granted an injunction restraining the use of the word 'acer' as a trademark, trade name or as a part of a domain name.

Future challenges

The globalisation of intellectual property entails major challenges, not only for the government, which needs to keep up with the changes through legislation, but for the courts, which, sooner or later, are likely to be asked to adjudicate new issues relating to biotechnology (including human genome, nanotechnology, e-commerce, traditional knowledge, use of genetic resources and plant breeders' rights). The courts will also have to face the challenge of adjudicating such issues at the necessary pace to keep up with developments in biotechnology.

Moreover, in order to stem the tide of the ever-growing culture of 'copying without shame', the courts will be called upon to award heavy damages against blatant infringements in order to compensate rights owners against both the expenses of litigation and the loss of reputation and goodwill. The trend of imposing exemplary damages and fines is likely to act as a deterrent against wilful infringers and counterfeiters of products protected by IP rights, some of whom take part in such unlawful activities as they see everyone else doing so without any major consequences.

It is hoped that the courts will continue to apply their progressive approach while dealing with emerging issues relating to IP rights.

Hasan's primary areas of practice include trademarks, copyright, patents and unfair competition/passing-off law. He has wide experience in anti-counterfeiting and enforcement litigation and has conducted various landmark IP cases before the high courts in Pakistan. Hasan lectures in IP law at the National Institute of Public Administration and Punjab University Law College. He has also sat on government committees to make and enforce changes to IP legislation in light of the WTO TRIPs Agreement.

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