

Contributing firm
United Trademark & Patent Services



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Legal framework

The relevant statutes in Pakistan relating to trademarks are as follows:

- the Trademarks Ordinance 2001 (civil);
- the Pakistan Penal Code 1860 (criminal);
- the Customs Act 1969; and
- the Drugs Act 1976 (for drugs/pharmaceuticals only).

The Copyright Ordinance 1962, as amended by the Copyright Ordinance 2000, is the main statute governing copyrights.

Border measures

There are statutory provisions which enable rights holders to seek effective protection from Customs in relation to imports and exports of goods that infringe copyright, trademarks, patents or design rights.

Pakistani Customs tends to cooperate effectively in matters relating to IP rights protection. Its procedures and rules are

perhaps less formalized than those in some other countries; the mechanics can vary from case to case and procedures are not always followed systematically. Despite this, the spirit of those procedures is adhered to and the system works well, subject to the caveat that rights holders must maintain regular contact with Customs.

Customs will usually initiate protective action on receipt of a formal petition drafted in the style of a pleading. The petition must include:

- details of the IP rights for which protection is sought;
- proof of the rights holder's entitlement to the IP rights in question;
- information about the manner in which the IP rights have been infringed; and
- details of the nature of the protection or remedy required.

Regular warning notices can also be sent to all customs clearing points. These ensure the continuation of regular, although erratic, checks of imports and exports by Customs in order to detect infringing goods. This type

of periodic reminder is useful to ensure that the rights holder's IP rights remain on Customs' watch list.

Counterfeit goods can be confiscated without compensation to the infringer and Customs may order their destruction without the need to involve the courts (unless appeals are filed by the importer or exporter).

The detention and confiscation process is partly judicial and partly administrative. It is summary in nature (as no evidence is recorded and the matter is decided on the basis of documents available on record), which ensures the expeditious disposal of matters. Customs laws provide rights of appeal to aggrieved parties by an order duly passed by a customs officer.

The Trademarks Ordinance 2001 also contains a number of provisions relating to border measures. It establishes that holders of registered trademarks or exclusive licensees in Pakistan may serve notice on Customs that infringing goods are likely to be imported (or have been imported), which may then be treated as prohibited. Such

notice must be accompanied by an undertaking by the rights holder to indemnify Customs or the importer for any loss caused due to suspension of the goods' release. Customs can also require the rights holder to furnish reasonable security.

If Customs decides that the imported goods are infringing, it will seize them. Following seizure, Customs will serve a notice of seizure on the importer/consignee. Simultaneously, it will serve a notice on the rights holder containing all details of the imported goods, the particulars of the importer and its identity, so as to enable the rights holder to identify the importer. The law requires the rights holder to initiate infringement proceedings in a court of law within 10 days of such notice. This 10-day limit can be extended for a further 10 days on showing reasonable cause. The courts have been given extensive jurisdiction to decide all questions and issues relating to the import of infringing goods.

On receipt of the importer's consent, Customs may forfeit the infringing imported goods; however, if the imported goods do not appear to be infringing and the rights holder initiates no infringement action in court within the time allowed, or withdraws such an action after initiation, Customs may release the goods. Another important provision in this regard allows Customs to release the goods to the importer if, after three weeks from the institution of legal proceedings, there is no court order preventing such release in force.

If the court or Customs orders that the infringing goods be forfeited, they must be disposed of in such a manner that they may not be re-exported or re-sold locally after the trademark is removed. If the court concludes that the infringement action was brought in bad faith and loss has been suffered by the importer, it may direct the rights holder to compensate the importer for the loss suffered. The level of such compensation may be determined by the court.

Criminal prosecution

Criminal procedures and penalties are provided for trademark counterfeiting and infringement. The criminal statutes governing trademark counterfeiting and infringements in Pakistan are the Penal Code 1860, the Code of Criminal Procedure 1886 and the Drugs Act 1976 (in relation to drugs/pharmaceuticals only).

It is generally understood that a criminal action against trademark counterfeiting can be brought only for a registered trademark. However, Section 478 of the Penal Code defines a 'trademark' as follows: "A mark

used for denoting that goods are the manufacture or merchandise of a particular person is called a trademark, and for the purpose of this code the expression 'trademark' includes any trademark which is registered in the register of trademarks kept under the Trademarks Act 1940 (V of 194)."

The code refers to "counterfeit of a trademark" and not the counterfeit of a registered trademark; therefore, a criminal action for an unregistered trademark may also be possible. However, to date, it appears that no criminal case has been brought on the basis of an unregistered trademark.

Actual use of a trademark in Pakistan is a prerequisite for initiating a criminal action for violation of an unregistered trademark; if a trademark is registered, use is preferable.

The remedies resulting from a criminal action include imprisonment and monetary fines. However, these are generally insufficient to serve as a deterrent, as the fines are low and imprisonment is seldom ordered.

Seizure, forfeiture and destruction of infringing goods are also available. Seizure can be carried out at the time of the raid or as soon as possible thereafter. If not carried out at that time, seizure can be undertaken upon investigation. Forfeiture can be ordered only after completion of a trial and only if the accused is found guilty of the offence. This process usually takes between 12 and 18 months.

In criminal matters, it is the state which prosecutes the infringer. However, the rights holder can retain its own counsel during such proceedings to:

- present the actual law before the court;
- assist in the examination and cross-examination of witnesses; and
- guide the police or state counsel as to the actual and proper procedures to be adopted.

All criminal proceedings are initiated in the magistrates' court, which is the court of first instance. Appeal lies with the High Court, with final appeal to the Supreme Court (but only with special leave).

Civil enforcement

It is possible to obtain permanent injunctions. In civil infringement proceedings, it is possible to claim damages and/or an account of profits. A plaintiff can claim damages to compensate it for losses suffered as a result of a trademark infringement. There is no limit on the amount of damages obtainable from a defendant for trademark infringement. A plaintiff can claim lost profits, as well as the defendant's profits. Usually, the cost of

manufacturing and selling the product is deducted, but the plaintiff can object to this, especially if infringement was wilful and the defendant was aware of the plaintiff's business.

However, in practice, damages awards are difficult to enforce as the procedure for enforcing an award is complicated and may require a full trial, because a decree for damages must be enforced through a regular execution petition.

Certain other remedies are also available in infringement actions. These include the destruction of infringing goods and the seizure of materials or plates used to manufacture the infringing goods. The seizure of machinery and equipment, however, is generally possible only in criminal proceedings.

Interlocutory remedies

In Pakistan, interlocutory remedies or orders can be obtained only if the main suit is filed along with such petition or the main suit is already pending, as there is no concept of interlocutory orders without a main suit.

Temporary injunctions: It is possible to obtain a temporary injunction to prevent an infringement from occurring and/or to order a party to desist from an infringement. The relevant statutory provisions are the application under Order 39 and Rules 1 and 2, read with Section 151 of the Code of Civil Procedure 1908.

The grant of a temporary injunction is discretionary in nature and depends on the facts and circumstances of each individual case. To obtain an interlocutory injunction, the plaintiff must show:

- the existence of a *prima facie* case;
- that the balance of convenience or inconvenience is in its favour; and
- that it would likely suffer irreparable loss if the injunction were refused.

To back up its claims, the plaintiff should file evidence of trademark use, such as copies of invoices, sales figures, publicity and promotional expenditure, advertising clippings and so on. In order to avoid defeat on technical grounds, the plaintiff should ensure that all aspects of its own proprietorship and use of the mark are in order.

In a landmark case decided by the Supreme Court of Pakistan (*Tabaq v Tabaq*, 1987 SCMR 1090), it was held that where the plaintiff holds a registered trademark, all three factors for the grant of a temporary injunction are in its favour and the injunction can be granted.

Evidence of infringement required to obtain a temporary injunction includes any document that shows or suggests that the defendant is using or threatening to use the infringing trademark, including:

- product packaging;
- advertisements for the launch or intended launch of the product;
- price lists; or
- any other suitable document that shows that the defendant either is using or intends to use the trademark.

An order granting or denying an interim injunction can be appealed before the High Court.

Interlocutory search and seizure orders:

Under civil law, a search and seizure order can be obtained to seize the offending goods and to preserve evidence when there is a clear risk of that evidence being destroyed (*Anton Piller* orders). Such orders can be obtained on the same day the action is initiated. To obtain an interlocutory search and seizure order, an application under Section 75, read with Order 39 Rule 7, Order 26 Rule 9 and Section 151 of the Code of Civil Procedure, must be filed. This application must be supported by an affidavit setting out the appropriate grounds for obtaining the order. The court will review the application and, if a proper case has been made out, may issue notice to the other party to file a defence. After hearing the arguments, orders may be issued. However, to be effective in practice, such orders are usually issued *ex parte*. The court usually appoints an independent lawyer or a court officer as the court's commissioner to conduct search and seizure operations. If police assistance is required, a request can be made to the court, which may deputize one or more members of the police to assist in conducting search and seizure operations.

The court commissioner is required to serve court orders on the defendant and prepare an inventory of the infringing products, after which the commissioner submits a written report to the court. Any infringing products seized during the operation may be held by the commissioner during the trial or taken into custody by the court itself. Generally, seizure orders are effective and their implementation is swift. These orders can be particularly helpful in determining the quantity of counterfeit products that may be stored at the premises searched; this, in turn, can help to determine the amount of damages. Further, the seizure of counterfeit products constitutes undeniable evidence of infringement.

Anti-counterfeiting online

Online counterfeiting is rampant in Pakistan and takes place in various forms, from domain name hijacking to the online sale of counterfeit goods. It is possible to file legal proceedings to obtain an injunction against the unauthorized registration and use of a domain name. Courts are also empowered to issue restraining orders to block infringing websites from offering counterfeit products for sale.

Preventive measures/strategies

Famous marks

Apart from the general protection given to trademarks, well-known and famous marks are afforded special protection. In establishing whether a mark is well known or famous, the courts consider:

- domestic or worldwide recognition of the mark;
- the local or worldwide duration and extent of use and advertising of the mark;
- the exclusivity of use and registration attained by the mark;
- the presence or absence of identical or similar third-party marks validly registered or used on identical or similar goods and services; and
- whether the famous mark is an invented word and/or the name of the founder of the company, the name being such that dishonest adoption is evident.

In an action for infringement of a famous mark or an action for passing off, it is extremely important for the rights holder to file evidence of the mark's reputation and goodwill. Mere reliance on statements that the mark is famous is insufficient.

Holders of famous marks should endeavour to use their marks in Pakistan to some degree, because this, along with worldwide use and reputation, greatly improves the chances of success in an infringement action.

Prompt action

A rights holder should not ignore any infringement of its mark, even on a small scale. Any delay in initiating proceedings affects the possibility of obtaining interim injunctions. In Pakistan, it is very important to obtain interim injunctions because main trials can go on for several years.

Assistance from government agencies

The main government agencies involved in the prevention and prosecution of counterfeit products in Pakistan include the

Customs Department, the Federal Investigation Agency and the Ministry of Health (through its drug inspectors for pharmaceutical products only).

The Federal Investigation Agency has an anti-counterfeiting wing, which acts against criminals involved in the business of counterfeit goods. The agency's officers enjoy all powers of the police, including search, seizure, investigation and so on. Among various other offences, they are empowered to investigate offences under the criminal provisions of the Penal Code relating to counterfeiting of trademarks, as well as the relevant provisions of the Drugs Act 1976 and the Customs Act 1969.

The Ministry of Health also monitors the sale of fake drugs through its drug inspectors. These inspectors are authorized to visit pharmacies in their designated areas and to search and seize fake products, either under their own auspices or on receipt of a complaint. [WTR](#)



Biographies

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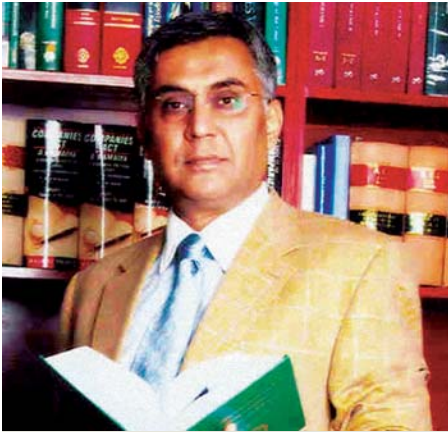
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M Farrukh Irfan Khan is the chairman and managing partner of United Trademark & Patent Services, a law firm specializing in IP law and serving clients across South Asia, the Middle East and North Africa. Mr Khan has over 25 years' experience as a practitioner in the fields of intellectual property, franchising, licensing, technology transfer, corporate and commercial law. He has significant experience in anti-counterfeiting and enforcement of IP rights in the courts, as well as before Customs. In 2007 Mr Khan was named among the top 20 most highly regarded IP lawyers globally by *Who's Who Legal 2007*. He is part of the International Trademark Association's International Panel of Neutrals called upon for worldwide arbitration in IP disputes. Mr Khan is a member of many other international associations of law practitioners, including the International Bar Association, the Inter-Pacific Bar Association and Law Asia.