

IN THE SUPREME COURT OF PAKISTAN

(Appellate Jurisdiction)

Present:

Mr. Justice Qazi Faez Isa

Mr. Justice Yahya Afridi

Civil Appeal No. 57-K of 2018

(On appeal from the judgment dated 14.05.2018 of the High Court of Sindh, Karachi passed in Misc. Appeal No. 317 of 2003)

Shezan Services (Private) Limited. ... *Appellant*

Versus

Shezan Bakers & Confectioners (Private) Limited and another. ... *Respondents*

For the Appellants: Mr. Sultan Ahmed Sheikh, ASC.
Mr. K.A. Wahab, AOR (**absent**).

For Respondent No. 1: Mr. Hassan Irfan Khan, ASC.
Mrs. Amna Ahmed, ASC *(through video-link from Karachi)*
Assisted by Mr. Saqib Asghar, Adv. H.C.
Mr. Muhammad Iqbal Ch., AOR (**absent**)

Respondent No. 2: *Ex-parte.*

Date of Hearing: 09.02.2022.

JUDGMENT

Qazi Faez Isa, J. Leave to appeal was granted by this Court on 13 August 2018 to consider the judgment dated 14 May 2018 of a learned Single Judge of the High Court of Sindh at Karachi (in Miscellaneous Appeal No. 317 of 2003), who had upheld the decision dated 25 June 2003 of the Registrar of the Trade Marks, the respondent 2 herein (**the Registrar**). Leave was granted by a three-Member Bench of this Court on 13 August 2018, in the following terms:

‘It appears that the parties had the business relationship under the agreement dated 19.2.1975 whereby goodwill of the Shezan Continental, the Shezan Oriental and Shezan Bakery was negotiated in terms of the agreement. It is urged that respondent No.1 in utter disregard to the spirit of the agreement dated 19.2.1975 applied for registration of mark SHEZAN label in Class 29 which was advertised in Trade Marks Journal on 1.11.1998 which was opposed. Application for registration for Mark ‘SHEZAN’ was allowed with certain conditionalities within the territory of Lahore and opposition filed by the petitioner was dismissed vide order dated 25.6.2003.

2. Order of the Registrar Trade Marks was impugned through Misc. Appeal No.317/2003 before the High Court. Learned Bench of the High Court, in consideration of the fact that goodwill in the business includes the Trade Mark 'Shezan' was parted away under the agreement noted above, therefore, the respondent No.1 is within its right to use subject Mark within the territorial limits of Lahore Division.

3. Learned counsel for the petitioner took us to various clauses of the preamble and Clauses 1, 3 & 4 of the agreement dated 19.2.1975 to urge that through various restrictive covenants prohibited the use of the word 'Shezan' either by prefixing or affixing the expression in any place in Pakistan. Per learned ASC for the Petitioner Respondent firm was allowed to carry on business subject matter of the agreement anywhere within the territorial limits of Lahore Division, without appropriating the Trade Mark 'Shezan'. Clause-4 prohibits use of the Mark in Lahore Division. It urged that it is the overall tenor of the agreement that is required to be taken into consideration rather than any clause in isolation. It is urged that the Registrar of Trade Mark and learned Bench of the High Court failed to determine the meaning of the goodwill which did not in any manner under the facts and circumstances of the case allowed approbation [*sic*] of the petitioner's Trademark either within or outside the Lahore Division. It is urged that the Registrar Trade Mark and learned High Court erred in interpreting Section 2(10) of the Trade Mark Act, 1940 thus, erred in conceding to the claim of the respondent No.1.

4. Points noted above do raise question of the first impression. Accordingly, leave is granted to consider such aspect of the matter.'

2. The respondent 1, Shezan Bakers & Confectioners (Private) Limited, ('**the respondent**') is a registered private limited company and filed an application (No. 100857, dated 29 December 1988) with the Registrar to seek the registration of the trade mark '*Shezan*' written in a particular manner ('**the Application**'). The application was eventually published in the Trade Marks Journal (No. 574, November 1998); an application to register a trade mark is published under subsection (1) of section 15 of the Act, and under subsection (2) of section 15 of the Act, '*any person may with the prescribed time from the date of the advertisement, give notice in writing in the prescribed manner to the Registrar, of opposition to the registration.*' The Application sought registration of a trade mark in class 29 in respect of the following goods:

'All kinds of patties, cheese straw, chicken sandwiches, chicken spring rolls, vegetable spring rolls, fish rolls, fish kababs, pizza (mince), pizza (chicken), meat, fish, poultry and game; meat extracts preserved, dried and cooked fruits and vegetable; jellies, jams, eggs, milk and milk products; edible oils and fats, salad dressings; preserves, being goods included in class 29'.

3. Shahnawaz Limited was the owner/proprietor of the word 'Shezan' and had it registered as a trademark in different classes, including in class 29 on 30 September 1958. It had also obtained registration of Shezan as a label mark with *Shezan* written in a particular manner. Shahnawaz Limited assigned its trade marks to Shezan International Limited, and Shezan International Limited assigned them to the appellant. All the trade marks have been kept renewed, and subsist till date.

4. The appellant, Shezan Services (Private) Limited, a private limited company, who was assigned the trade mark, opposed the Application as per prescribed form (TM-5) being Opposition No. 218/2001 (**'the Opposition'**). In the Opposition it was stated that the ownership / proprietorship of the word 'Shezan' and label *Shezan* vested in it and the respondent could not seek registration of an identical trade mark. In response to the Opposition, the respondent filed counter statement as per the prescribed form (TM-6).

5. The learned counsel representing the appellant and the respondent state, that at the relevant time the Trade Marks Act, 1940 and the Revised Trade Mark Rules, 1963 (respectively, **'the Act'** and **'the Rules'**) were applicable; therefore, this case is being decided on the basis thereof.

6. The Opposition filed by the appellant was dismissed by the Registrar, and the Registrar allowed the Application of the respondent, *vide* order dated 25 June 2003, in the following terms:

'That Applicant's Application No.100857/29 is released from Opposition and proceed to Registration subject to conditions that the word "SHEZAN" in the mark will always be used in collaboration with either (Lahore) continental, (Lahore) oriental or (Lahore) bakery and will only be used within the territory of Lahore Division.'

The reason which prevailed with the Registrar, to dismiss the Opposition filed by the appellant and to allow the Application, was because of an agreement dated 19 February 1975 (**'the Agreement'**) between the alleged predecessors of the parties. The parties to the Agreement were '*Shezan Limited, a private company ... through its Managing Director, Mr. Mahmood Nawaz*' and '*Messrs Shezan Lahore, a partnership firm, through its managing partners, namely, (1) Ch. Riazuddin (2) Rao Mohammad Usman*'. By placing reliance on the Agreement the Registrar (who referred to the respondent as the 'Applicant' and to the appellant as the 'Opponent') held, that:

'In view of the fact that Applicant is using the Trade Mark "SHEZAN" as a result of an agreement entered between both the parties in the year 1975 hence, there appeared to be no moral, ethical and legal justification for this opposition proceedings, particularly, when the Opponent has himself given the right to use mark and now he is opposing the registration of the said mark in favour of the Applicant when the Applicant is using the mark continuously since 1975 and no action has been taken by the Opponent. Hence, the applicant also qualifies for registration of the said mark under section 10(2) of the Trade Marks Act, 1940.'

7. The appellant preferred an appeal against the Registrar's order before the High Court. The learned Judge of the High Court dismissed the appellant's appeal, and did so by also relying upon the Agreement. Therefore, it would be appropriate to reproduce the relevant clauses of the Agreement, wherein *Shezan Limited* is referred to as 'the company' and *Messrs Shezan Lahore* as 'the firm':

'WHEREAS the company is, inter alia, carrying on the business of a hotel, restaurants and bakeries in the various towns of Pakistan including Lahore where they are running two restaurants, i.e., the Shezan Continental, 46-Dingah Singh Building, and Shezan Oriental, 7-Dayal Singh Mansions, Shahrah-e-Quaid-e-Azam, Lahore (hereinafter referred to as the two restaurants) together with a bakery to serve the two above said restaurants and sale of baking products;

AND WHEREAS the premises of Shezan Continental and Shezan Oriental have been rented by the company;

AND WHEREAS the company had effected, in the premises of the two restaurants, alterations and improvements to make them suitable for the purpose of modern restaurants and the material and fixtures used for the purpose of alterations and improvements could be removed by the company on the expiry of the lease;

AND WHEREAS in pursuance of negotiations the company has agreed to sell and the firm has agreed to buy the goodwill of the said Shezan Continental, the Shezan Oriental and the Shezan Bakery at a price paid against an acknowledgment receipt;'

'NOW THEREFORE the parties to the agreement mutually agreed as under:

1)The firm will have the right to continue the business of running restaurants at the premises known as 46-Dingah Singh Building, Shahrah-e-Quaid-e-Azam, Lahore and 7-Dayal Singh Menions, Shahrah-e-Quaid-e-Azam, Lahore, under the respective names of Shezan (Lahore) Continental and Shezan (Lahore) Oriental and at such other places where the firm may deem fit within the territorial limits of Lahore Division only alongwith the business of Bakery under the name of Shezan (Lahore) Bakery. The firm will not

use the word "Shezan" in any other manner whatsoever, except as provided above.

- 2)The firm will not open any restaurant or hotel or motel or bakery or catering concern outside Pakistan neither under the style or title of 'Shezan' nor will it use the word 'Shezan' by prefixing or suffixing any word or expression with the same with regard to their business outside Pakistan.
- 3)The firm will not open any restaurant or hotel or motel or bakery or catering concern neither under the style or title of 'Shezan' nor will it use the word 'Shezan' by prefixing or suffixing any word or expression with the same, at any place in Pakistan except as provided in clause-one above.
- 4)The company shall not open or run any restaurant or hotel or motel or bakery or catering concern or snack bar under the name, style or title of 'Shezan' nor will it use the word 'Shezan' by prefixing or suffixing any word or expression with the same at any place within the territorial limits of the Lahore Division only in respect of business heretofore mentioned.'

8. The learned Mr. Sultan Ahmed Shaikh represents the appellant. He submits that the appellant holds 75 word and label trade marks in 34 different classes of the word 'Shezan' and of the label *Shezan*, including in class 29. Therefore, the respondent could not seek registration of the same name/label 'Shezan'/'*Shezan*' which was, or was deemed to be, in the appellant's continuous use, from 1958 till date, and had over decades acquired considerable goodwill. The respondent was not the proprietor of the trade mark, and to seek registration thereof was in violation of subsection (1) of section 10 and clause (a) of section 8 of the Act. He submitted that under subsection (1) of section 10 of the Act, subsequent registration cannot be obtained in respect of the *same* goods or in respect of *similar* goods. He added that the trade mark which the respondent got registered, even if it be deemed not to be in respect of the *same* goods, it certainly was in respect of *similar* goods. He further submitted that the High Court had incorrectly assumed that goodwill was separate from trade marks generating it, and in this regard the learned counsel relied upon the cases of *Seven Up Co. v Registrar of Trade Marks* (1987 MLD 91) and *Roomi Enterprises (Pvt.) Ltd. v Stafford Miller Ltd.* (2005 CLD 805). He further submitted that if the Agreement was at all relevant to decide the Application and the Opposition, it should have been properly understood. However, the Agreement was misconstrued both by the learned Registrar and the learned Judge of the High Court, and they had failed to note that the Agreement had unambiguously and clearly stated that, '*the firm will not use the word "Shezan" in any other manner whatsoever, except*' for its

businesses, and not goods, '*within the territorial limits of Lahore Division*'. The Agreement also did not permit registration of the trade mark by the firm. Therefore, the respondent could not seek registration of 'Shezan'/*Shezan* as a trade mark in any class of goods.

9. The learned Mr. Hassan Irfan Khan represents the respondent. The learned counsel submitted that discretion vested in the Registrar to register trade marks, and he had exercised such discretion in accordance with the law, and his decision was upheld by the High Court. And, no legally valid reason has been put forward to set aside these two concurrent decisions. He referred to the Agreement and stated that it had granted permission to the respondent to use the trade mark 'Shezan'/*Shezan*. He submitted, that though the Agreement was not between the appellant and the respondent but since the appellant and the respondent were the respective successors of the parties to the Agreement, it was binding on them. And, that the trade mark 'Shezan' was effectively assigned to the respondent in respect of the territory of Lahore, and it was inconsequential if a formal assignment in terms of section 29 of the Act did not take place. He further stated that when the businesses, comprising of two hotels and bakery, were sold the trade mark 'Shezan' also passed to the firm to whom they were sold, and subsequently inherited by the respondent. Learned counsel also referred to section 21 of the Act to contend that the goods in respect of which the Application was submitted were different from the goods in respect whereof the appellant held registration in class 29; that it is permissible to register a number of trade marks in respect of different goods in the same class; that section 21 of the Act is subject to section 25 of the Act, which safeguards the rights of prior users, and the respondent was a prior user in respect of the goods the registration was sought in class 29; and, section 21 of the Act is '*subject to the provisions of sections 22, 25 and 26*' of the Act.

10. Exercising his right of reply, the learned Mr. Shaikh stated that the Act was repealed and substituted with the Trade Marks Ordinance, 2001, and the Rules with the Trade Mark Rules, 2004, and this new legislation had for the first time enabled the registration of *service marks*, under section 26 of the Trade Marks Ordinance, 2001. The appellant, learned counsel informs, had also obtained registration in respect of 'Shezan'/*Shezan* as service marks on 12 March 2009 and 11 September 2012. The learned Mr. Khan objected to this contention on the ground that matters subsequent to the impugned decisions should not be considered.

The objection of the learned Mr. Khan, to the extent of not considering subsequent events, is sustained.

11. That on 9 February 2022, we had passed the following order:

'Notice was issued to the respondent No. 2, which has been served but no one is in attendance, therefore, respondent No. 2 is proceeded *ex-parte*. We have heard the learned counsel representing the appellants and respondent No. 1. After concluding their submissions they sought permission to file photocopies of their respective trade marks and the respondent No. 1's certificate of incorporation and certificate issued by the Registrar of Firms of '*Shezan, Lahore*' if it was registered as a partnership firm, but if the firm was not registered than a copy of its partnership deed. The said documents be filed within two weeks with advance copies to the other side. Judgment is reserved.'

The learned Mr. Shaikh on behalf of the appellant (through CMA No. 1084) submitted 75 certified copies of trade mark registrations held by the appellant, out of which 12 are in class 29. He also filed a *synopsis* of his submissions (CMA No. 5078). The learned Mr. Khan, on behalf of the respondent submitted *written arguments* (CMA No. 5086), but did not comply with our order requiring, '*the respondent No.1's certificate of incorporation and certificate issued by the Registrar of Firms of "Shezan, Lahore" if it was registered as a partnership firm, but if the firm was not registered than a copy of its partnership deed.*' Since the respondent may have had difficulty to meet the two weeks deadline to submit the said documents, we awaited their belated filing, but (we checked) that they have still not been filed.

12. We heard the submissions of the learned counsel, examined the documents on record and the applicable provisions of the Act and the Rules. Section 6 of the Act sets out the '*distinctiveness requisite for registration*' of a trade mark; and stipulates that *distinctive* means the trade mark must be such to *distinguish* it from the goods of any other '*proprietor of the trade mark is or*' who '*may be connected with*' such goods (subsection (2) of section 6). Admittedly, the respondent was not the proprietor of the word '*Shezan*' nor of *Shezan*. The respondent (or its purported predecessor, the said firm) had also not first registered the trade mark '*Shezan*'/*Shezan*. Shahnawaz Limited was the inventor and proprietor of the word '*Shezan*' and label *Shezan*, and was also the first to have registered them, which was on 30 September 1958, that is, thirty years before the respondent submitted the Application. The trade mark registrations of '*Shezan*'/*Shezan* (altogether seventy-five) are held by the appellant, including in class 29,

since 30 September 1958. There was no *distinctiveness* in the trade mark, the registration whereof was sought by the respondent through the Application, therefore, it did not merit registration.

13. Subsection (1) of section 5 of the Act stipulates that, '*A trade mark may be registered only in respect of particular goods or classes of goods.*' Rule 11 of the Rules states that goods are classified in the Fourth Schedule of the Rules; class 29 whereof provides, as under:

'Meat, fish, poultry, and game; meat extracts; preserved dried and cooked fruits and vegetables; jellies, jams, eggs, milk and other dairy products, edible oils and fats; preserved pickles.'

Merely because a proprietor of a trade mark had not obtained registration in a particular class, or in respect of certain goods mentioned in that class, would not on this basis alone entitle another to obtain registration in respect of that class, or in respect of other goods mentioned in such class. Section 6 of the Act mandates the *distinctiveness requisite for registration*. However, the Application of the respondent sought registration of 'Shezan'/*Shezan* which had no *distinctiveness*, and in fact was identical to subsisting registrations. Therefore, the Application of the respondent had to fail on this ground too.

14. That the respondent was also prohibited to obtain registration of the trade mark 'Shezan'/*Shezan* because the trade mark it wanted to be registered was identical to already registered trade marks. To allow the respondent to register the same trade mark ('Shezan'/*Shezan*), and in the same class of goods in respect whereof the appellant held registrations, would definitely deceive the customers of the appellant's goods, as they would assume they were buying the appellant's goods, which would contravene section 8(a) of the Act, reproduced hereunder:

8. Prohibition of registration of certain matter. No trade mark nor part of a trade mark shall be registered which consists of, or contains, any scandalous design, or any matter the use or which would:

(a) by reason of its being likely to deceive or to cause confusion or otherwise, be disentitled to protection in a Court of justice;'

15. The Application of the respondent could also not be allowed because it had sought registration of a trade mark which was identical to already registered trade marks, belonging to the appellant, and, obtaining such registration is not permissible under subsection (1) of section 8 of the Act, reproduced hereunder:

'10. Prohibition of registration of identical or similar trade mark. (1) Save as provided in sub-section (2), no trade mark shall be registered in respect of any goods or description of goods which is identical with a trade mark belonging to a different proprietors and either already on the register in respect of the same goods or description of goods or which so nearly resembles such trade mark as to be likely to deceive or cause confusion.'

The instant case was also not one in which the respondent was an *honest concurrent user* nor did it attract any of the other exceptions mentioned in subsection (2) of section 8 of the Act, which may have justified the acceptance of the Application of the respondent.

16. The Agreement was relied upon and it was alleged that pursuant thereto the 'Shezan'/*Shezan* trade marks had been assigned to the respondent. This was simply incorrect. The Agreement states that Shezan Limited was '*running two restaurants ... together with a bakery*' and these businesses were sold to a partnership firm. The respondent, which is a private limited company, contends that it is the successor-in-interest of the said firm but did not produce any proof in this regard. However, despite the absence of such proof we did not outrightly reject this assertion. On 9 February 2022 (recorded above) an opportunity was provided to the respondent to establish its succession to the said firm, and had called upon it to file, '*certificate of incorporation and certificate issued by the Registrar of Firms of "Shezan, Lahore" if it was registered as a partnership firm, but if the firm was not registered than a copy of its partnership deed*'. However, the requisite documents, which may have shown some connection of the respondent with the said firm, were not filed. Consequently, an adverse presumption may be drawn, '*that evidence which could be and is not produced would, if produced, be unfavourable to the person who withholds it*' (article 129(g) of the Qanun-e-Shahadat, 1984).

17. However, assuming that the requisite documents were filed, and on their basis the respondent was able to show that it had some connection with the said firm, it would still not change the outcome of this case, because (as enumerated above) the respondent could not legally have got the trade mark 'Shezan'/*Shezan* registered in its name. Incidentally, the Agreement itself had stated that, '*The firm will not use the word "Shezan" in any other manner whatsoever, except as provided above*' (clause one of the Agreement), and that, '*The firm will not open any restaurant or hotel or motel or bakery or catering concern neither under the style or title of 'Shezan' nor will it use the word 'Shezan' by prefixing or suffixing any word or expression*

with the same, at any place in Pakistan except as provided in clause-one above. The Agreement was in respect of the sale of the certain businesses, and was not for the sale (or assignment) of 'Shezan'/*Shezan* trade mark(s). Regrettably, neither the learned Registrar nor the learned Judge read the Agreement in its entirety and/or in its correct perspective.

18. It is significant that the said firm, who the respondent claims to have succeeded, did not itself seek registration of the trade mark 'Shezan'/*Shezan*, nor called upon the other party to the Agreement to assign to it the said trade marks. The respondent's claim is also undermined by the fact that it was only after about fourteen years of the execution of the Agreement that it submitted the Application. This confirms that neither the said firm nor the respondent had ever considered or understood that through the Agreement the 'Shezan'/*Shezan* trade marks were transferred, assigned or relinquished in favour of the said firm.

19. Therefore, for all the aforesaid reasons we have no hesitation in allowing this appeal by setting aside the judgment dated 14 May 2018 of the learned Judge of the High Court (passed in Miscellaneous Appeal No. 317 of 2003) and the decision dated 25 June 2003 of the learned Registrar of Trade Marks. Consequently, the Application No. 100857 dated 29 December 1988 of the respondent is dismissed. The respondent shall pay the costs of the appellant throughout.

Judge

Judge

Announced in open Court on June 2022 at Islamabad
(M. Tauseef)

Judge

APPROVED FOR REPORTING