


COMPETITION COMMISSION OF PAKISTAN

ENQUIRY REPORT

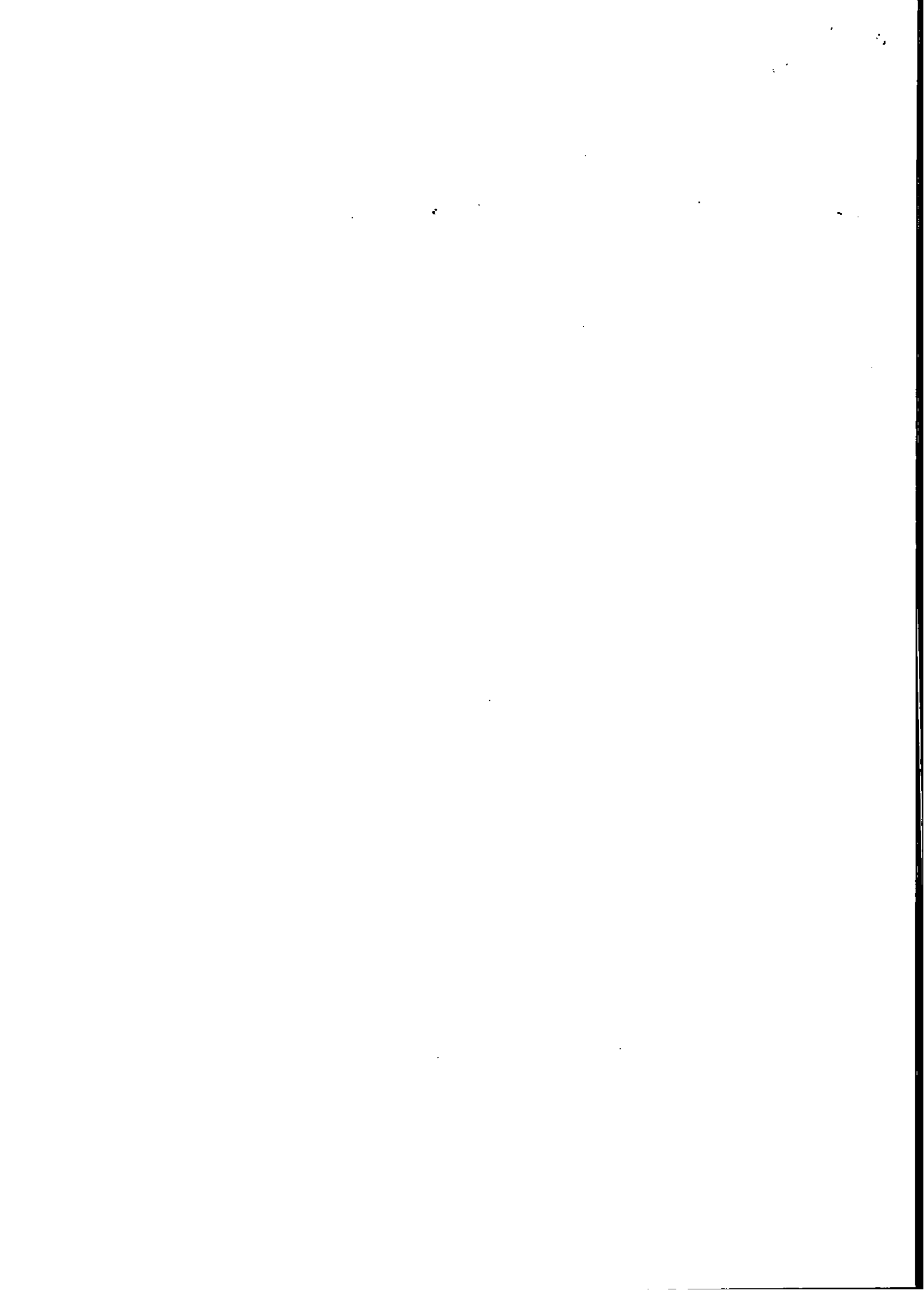
(Under the provisions of Section 37(2) of the Competition Act, 2010)

**IN THE MATTER OF COMPLAINT FILED BY M/S INTERCONTINENTAL GREAT
BRANDS LLC AGAINST M/S ENGLISH BISCUIT MANUFACTURERS PRIVATE
LIMITED FOR DECEPTIVE MARKETING PRACTICES**

BY

S.Z. 
M. Salman Zafar & Riaz Hussain

Dated: March 29, 2023



I. BACKGROUND

- 1.1 M/s Intercontinental Great Brand LLC (the '**Complainant**') through M/s Hassan Irfan Khan, filed a complaint against M/s English Biscuit Manufacturers (Pvt.) Ltd (the '**Respondent**') with the Competition Commission of Pakistan (the '**Commission**') for alleged violation of Section 10 of the Competition Act 2010 (the '**Act**'), pertaining to Deceptive Marketing Practices.
- 1.2 It was submitted in the complaint that the Respondent is manufacturing, offering for sale, and selling cakes made in the shape of **Bear**, and using **Bear Device Motif** with the word **Gulco Teddy**, fraudulently using Complainant's renowned **Bear Shape for Cakes/Sponge Cakes** and **Bear Device Motif** on its products.
- 1.3 The Complainant alleged that Respondent has used identical bear shape and made them in a similar way as that of the Complainant, depicted the **Bear Shape Cake** on the packaging, and used the **Bear Device Motif** in addition. The Respondent has even used the descriptive words in an identical manner and placement on the product packaging and labelling.
- 1.4 After attaining the preliminary facts, an enquiry was initiated in accordance with sub-section (2) of Section 37 of the Act by appointing Mr. Salman Zafar, the then Director (OFT) and Mr. Riaz Hussain, the then Assistant Director (OFT) as enquiry officers (collectively referred to as the '**Enquiry Committee**') to conclude the enquiry.
- 1.5 The aim of the enquiry was to determine whether, *prima facie*, by using similar and/or identical packaging and trade mark:

I. The Respondent is violating Section 10 (1) of the Act, in terms of Section 10 (2) (d) of the Act, which prohibits fraudulent use of another's trademark, firm name, or product labeling or packaging; and/or

II. The conduct of the Respondent pertains to the distribution of false or misleading information to consumers related to character, place of production, properties and quality of goods, in violation of Section 10 (1) of the Act, in terms of Section 10 (2) (b) of the Act; and/or

III. The Respondent's conduct is capable of harming the business interest of the Complainant in violation of Section 10 (1) of the Act, in terms of Section 10 (2) (a) of the Act.

IV. Spillover effect of the Respondent's marketing practices.

Sector Overview:

- 1.6 The market size of the sector/industry comprising of - Biscuits & Cracker, Snack/Chips & Sugar confectionery, was recorded at PKR 69bln in FY22, which has increased by 21% from PKR 54bln in FY21. In the past five years (FY18-FY22), Pakistan's food products market

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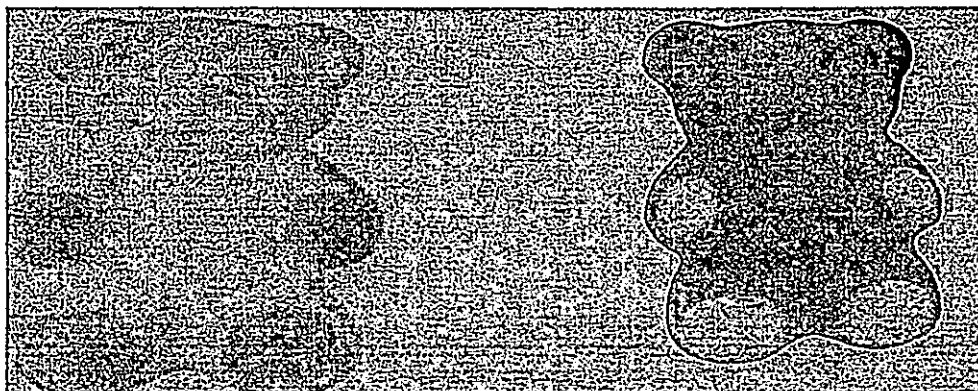
has grown at a CAGR of 6%. Wherein the biscuits & crackers market at 9.1%¹. Accordingly, the consumption per capita million has increased by 19% from PKR 292 million to PKR 347 million.

- 1.7 Food products market is steadily growing, majorly because of inflation impact and consequent increase in food products prices. The industry is highly competitive with influx of new players, while marketing and distribution costs remain high. It does not seem to be largely affected by economic slowdown in last few years. In terms of age demographics, children and young adults up to the age of 20 contribute 65% to the demand for food products in the country. High proportion of young population, increasing disposable incomes, higher brand awareness, and introduction of various flavors contribute to the growth of food products sector. In terms of industry life cycle, biscuits market is still growing with new players entering the market.

2. THE COMPLAINT

A. BRIEF STATEMENT OF FACTS:

- 2.1 The Complainant, a subsidiary of Mondelez International, Inc., is an American company that either itself and/or through its subsidiaries, affiliates, licenses carries on the business of manufacture and sale, inter alia, of cakes, cookies, chocolates and soft drinks, which has been marked under various trademarks in several countries of the world. The Complainant was formerly known as Kraft Foods Global Brands LLC and on 15th May, 2013 changed its name to Intercontinental Great Brands LLC.
- 2.2 In order to distinguish its goods from other companies, the Complainant has adopted and used several trademarks. Amongst such trademarks, one is the trademark 'Barni' and a 'Bear Device Mark' which was first ever used in the year 1996 in France as part of the famous LU brand and the use was gradually extended to other major countries of the world.
- 2.3 The Complainant's trademark 'Barni' and 'Bear Device Mark' has been used, inter alia, for sponge cakes and filled sponge cakes, etc. These sponge cakes, whether filled or not, is made in bear shape snacks which are famous among children, a representation is depicted below.



¹ https://www.pacra.com/sector_research/Food%20Products%20-%20PACRA%20Research%20-%20Dec%20'22-2_1672069774.pdf

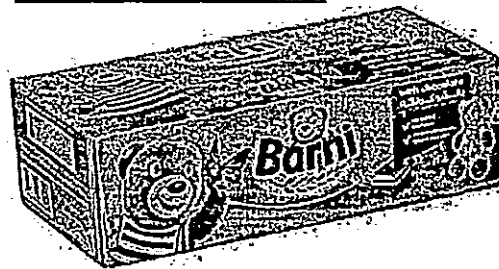
2.4 It has been submitted that making and marketing of sponge cakes in the shape of a Bear was a unique and novel concept, adopted by the Complainant in 1996. The Complainant applied for and was granted trademark registrations for the distinctive bear shape for sponge cakes in various countries of the world including Pakistan without any opposition from any competitor company. This testified to the fact that the Bear shape for sponge cakes was exclusive to the Complainant's products, distinctive and no third party was either using the same nor had any claim over the Bear shape sponge cakes or Bear device.

2.5 Thus, the Complainant and persons authorized by it has the authority to manufacture and sell cakes in the shape of Bear to the exclusion of all others in all the countries where Complainant has registered trademark including Pakistan. The Complainant has marketed its Bear shape cakes using the word 'Barni'. However, in the UK, the mark Barny has been used. Only in France, Czech Republic, and in North America different word marks have been used, but the same bear shape has been used for sponge cakes.

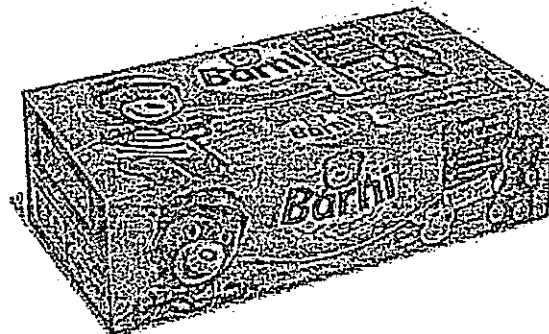
2.6 The Complainant has also submitted its product packaging, containing the trademark Barni and Bear Device Motif, as depicted below:



With Chocolate Filling

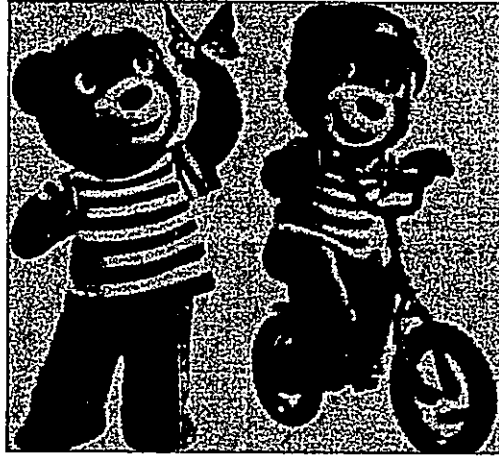


With Milk Filling



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2.7 The Complainant submitted that the above images suggested its emphasis on the use of Bear Device Motif and the use of Bear shape as exclusively used by the Complainant. The use of Bear Device Motif by the Complainant in relation to the sponge cakes has been depicted below:











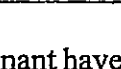
2.8 The Complainant's distinctive Bear shape sponge cakes depicting Bear Device Motif has been sold in over 40 countries of the world, including Eastern Europe, Middle East and Central Asia. The product has been extensively promoted through media, having extensive worldwide circulation, and has earned tremendous reputation and goodwill in such countries, and such reputation and goodwill extended to Pakistan also.

2.9 The Complainant has regularly participated in International Food Fairs, where businessmen in the food industry from all over the world, including Pakistan participate and during which the Complainant has displayed its products having distinctive Bear shape and Bear Device Motif. The details of approximate annual sales revenue and advertising expenditures (rounded off) incurred by Complainant for promotion of its trademark are given below:

Year	Net Revenue in USD (Million)	Advertising Expenditure in USD (Million)
2016	235	15
2017	257	22
2018	258	7
2019	252	9
2020	238	11

2.10 The Complainant has spent great amount to promote its distinctive Bear shape sponge cakes and Bear Device Motif, through various mediums including but not limited to Facebook Pages, copies of sales invoices, publicity invoices, product displays at various Super Markets, promotional material, etc. In light of above, the Complainant's trademark has become a well-known trademark for sponge cakes in Pakistan by virtue of the provisions of section 86 of the Trade Marks Ordinance, 2001.

2.11 The Complainant, in order to safeguard its interests, has obtained registrations and/or filed applications for registration thereof in various countries of the world. Details of some earliest registrations are hereunder:

Country	Trademark	Class	Appl. No.	App. Date	Reg. No.	Reg. Date
Bahrain		30	1075311	Aug 2011	1075311	Aug 2011
Bahrain	DARNI	30	1037311	Jun 30 2011	1037311	Jun 30 2011
Bahrain		30	1081856	May 26 2011	1081856	May 2011
Bahrain	بارني	30	1119226	May 7 2012	1119226	May 7 2012
Brazil		30	9101387	Oct 16 2015	9101387	Dec 5 2017
China		30	1972586	Apr 22 2016	1972586	Jun 14 2018
China		30	2054844	Jul 6 2016	2054844	Mar 2018
China		30	2054844	Jul 6 2016	2054844	Mar 2018
China		30	2054844	Jul 6 2016	2054844	Mar 2018
Egypt		30	1081856	May 20 2011	1081856	May 2011
Kazakhstan		30	1081856	May 20 2011	1081856	May 2011

2.12 The products of Complainant have been sold in the Pakistani market for the past several years through various channels of trade as well as through online stores and market places. The Complainant's products are listed on, inter alia, the following Pakistani, regional and international online market places/websites and sold to Pakistani customers through such websites also:

- a) www.daraz.pk
- b) www.esajee.com
- c) www.qareeb.com.pk
- d) Pakistan.dsertcart.com
- e) Urlisolation.com
- f) www.carrefouruae.com
- g) www.amazon.com
- h) www.supercraing.com
- i) www.luluhypermarket.com
- j) www.noon.com
- k) www.sindbadonline.shop





2.13 In order to run the business of manufacture and sale of biscuits and cake products of Complainant under its various trademarks including the distinctive Bear shape sponge cakes and Bear Device Motif, more effectively in Pakistan, the Complainant has appointed Continental Biscuits Limited, which is its Pakistani indirect associated company. The

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Complainant indirectly hold 49.5% shareholding in Continental Biscuits Limited and has authorized it to use its distinctive trademarks in Pakistan.

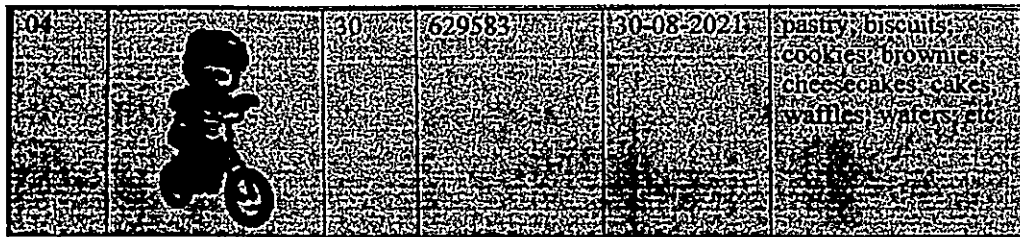
2.14 In Pakistan, the Complainant has obtained trademark registration for the Bear shape, Bear Device Motif, Barni and product label etc., under the Trade Mark Ordinance, 2001, as per the following details:

Trademark	No.	Class	Dated	Goods
	478887	30	15/12/2017	Coffee, tea, cocoa and artificial coffee, rice, tapioca and sago, flour and preparations made from cereals, bread, pastry and confectionery, wafers, sugar, honey, treacle, yeast, baking powder, salt, mustard, vinegar, sauces (condiments), spices, etc.
	306748	30	25/08/2019	Cocoa, chocolate, cocoa based beverages and/or chocolate and preparations for making such beverages, bakery products, pastry, confectionery, wafers, bread, biscuits, biscuits (wafers or savoury)
	478884	30	15/12/2017	waffles, wafers, cakes, pastries, cereal bars, cereal preparations
	306595	30	20/08/2019	Cocoa, chocolate, beverages made with cocoa and/or chocolate and preparations for making such beverages, bakery, pastry and confectionery products, wafers, biscuits, wafers, biscuits (wafers or savoury), wafers, wafers, cakes, pastries, cereal bars, cereal preparations

2.15 The Complainant has also filed further applications for registration of following trademarks:

S.No.	Trademark	Class	Application No.	Filing date	Goods
01		30	629582	30-08-2021	pastry, biscuits, cookies, brownies, cheesecakes, cakes, waffles, wafers, etc.
02		30	629584	30-08-2021	pastry, biscuits, cookies, brownies, cheesecakes, cakes, waffles, wafers, etc.

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- 2.16 It has further submitted that Complainant's distinctive Bear shape sponge cakes and Bear Device Motif have acquired an excellent reputation and goodwill all over the world on account of the long and continuous use, high quality of Complainant's products and extensive advertising. The said reputation & goodwill has extended to Pakistan on account of availability and sale of Complainant products within Pakistan and on account of the spillover advertising and tourist travel.
- 2.17 The Complainant further submitted that reputation and goodwill of trademarks and companies is no longer territorial and no longer confined within the national borders of any country. The proliferation of means of communication and information media, the names, the trademarks and products of world-renowned companies are catching the eyes of the public at large around the globe. The extensive travelling abroad in the past has made it possible for the people of Pakistan to have the knowledge of the internationally renowned companies and their products.
- 2.18 The people of Pakistan have a great knowledge of the Complainant's distinctive trademark (i.e., Bear Shape and Bear Device Motif) on account of extensive travelling to various countries including Middle East and Europe. Moreover, the product has been advertised through customary social media which is followed in Pakistan and is very popular amongst the Pakistani public. The Complainant has large number of followers including from Pakistan on Facebook, on YouTube and social media sites.
- 2.19 The distinctive trademarks, which are registered under the trademark laws of a large number of countries, have acquired a high quality reputation and goodwill which is associated with the Complainant as use of similar and/or deceptively similar shape for sponge cakes by another person, trader, manufacturer or company would result in misrepresentation made in the course of trade and amounted to deceptive marketing.

B. SUMMARY OF ALLEGED CONTRAVENTION OF THE ACT:

- 2.20 The Complainant alleged that the Respondent has been involved in deceptive marketing practices by fraudulently using its registered trademark, product labeling and packaging, within the meanings of Section 10 (2)(d) of the Act. Such acts of the Respondent are noticeably acts of deceptive marketing practices and are harming the goodwill, reputation as well as business interests of the Complainant.
- 2.21 The Respondent is manufacturing, offering for sale, and selling cakes made in the shape of Bear, and using Bear Device Motif with the word Gulco Teddy, fraudulently using Complainant's renowned Bear Shape for Cakes/Sponge Cakes and Bear Device Motif on its products. Respondent's product labeling or packaging prominently depicts Bear shape and Bear Device Motif, in contravention of Section 10(2)(d) of the Act, representations of which has depicted below:

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- 2.22 The Complainant further alleged that the act of the Respondent, fraudulent use of another's trademark product labeling or packaging, clearly constitutes an instance of 'parasitic copying' as the Respondent has willfully designed the shape of its cakes, used the Bear Device Motif and the designed packaging of its Gulco Teddy product in a way that gives the general look and feel of the Complainant's Barni product having the renowned Bear shape for cakes/sponge cakes and Bear Device Motif.
- 2.23 The Respondent has used the identical bear shape and made them in similar way, as that of the Complainant, made the colour of the body of Bear and paws in an identical manner. The adoption of mimicked or slavish imitation of the Complainant's renowned Bear shape for sponge cakes and Bear Device Motif is unreasonable and unjustified and amount to clear acts of deceptive marketing practices. The Respondent has even used the descriptive words in an identical manner and placement of product packaging and labelling, i.e., the use of tick marks etc.
- 2.24 That it is an established principle of the Competition law in Pakistan that where an undertaking is culpable of parasitic copycat packaging, having the obvious foreseeable effect

of misleading and causing deceitful confusion in the mind of the ordinary consumer, a violation of Section 10(2)(d) will be made out.

- 2.25 That it has further been recognized that when copycat trademark and packaging is deployed for a particular commodity, price become the main and sometimes only criterion which effects a consumer's choice of purchase and when price become the sole determining factor existing between such products, it is evidence of the presence of parasitic copying.
- 2.26 The Complainant alleged that the Respondent's conduct would inevitably result in misleading the consumers and the potential purchaser would be much more likely to purchase the Respondent's product. As instance, the Complainant shared a printout of YouTube page where a potential customer has pointed out Respondent's products striking similarity and slavish imitation of the Complainant's product.

C. SUCCINCT PRESENTATION IN SUPPORT OF CONTRAVENTIONS:

- 2.27 That a Facebook Page, namely <https://www.facebook.com/peekFreansGluco>, has been operated by the Respondent and on the said page the Respondent has depicted and offered sale of its products clearly using Bear shape for sponge cakes and Bear Motif Device, the packaging or labelling in violation of the rights of the Complainant in the aforesaid trademarks and features.
- 2.28 That the Respondent has used fraudulently, the Complainant's Bear shape sponge cakes and Bear Device Motif, the product labelling and packaging with identical look and feel in relation to its products and has been marketed and promoted the same through multimedia platforms such as their Instagram account namely, <https://www.instagram.com/peekfreansglucoofficial/?hl=en>. The Respondent has advertised its products using the imitated Bear shape for cakes/sponge and Bear Device Motif with an identical look and feel as that of the Complainant and distributed information which is harming the business interest of the Complainant.
- 2.29 In addition to the above, the product of the Respondent has been marketed, using fraudulently the imitated Bear shape for cakes/sponge and Bear Device Motif with an identical look and feel as that of the Complainant, through advertisements on Television, printed media circulations as well as on YouTube such as:
- <https://theazb.com/peek-freans-gulco-launches-gulco-teddy-bear-shaped-cakes-for-kids/>
 - <https://www.youtube.com/watch?v=ymTzfoYoKrE>
 - https://www.youtube.com/watch?v=CL9_jh2MAgs
 - <https://www.youtube.com/watch?v=COevLTHtC2g>

Random printouts of relevant Facebook, Instagram and YouTube pages, depicting the Complainant's trademark, product labeling and packaging, is attached as Annex-A.

- 2.30 The Complainant, for sake of complete and honest disclosure, has submitted that it has already filed a suit for trademark infringement and passing-off against the Respondent and another before the Intellectual Property Tribunal which has been placed to pass restraining order reading as follow:

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“Relying upon the material placed above, in the meanwhile, respondents/defendants are restrained from manufacturing, selling, stocking, exporting, offering for sale, advertising defendant’s cakes using the imitated Bear shape and imitated Bear device motif as per Annexure-J&K respectively to the plaint in infringement of plaintiff’s worldwide use and rights and registration Nos. 478887, 306748 or any colorable similarity of plaintiff’s distinctive Bear shape sponge cakes and genuine Bear device motif as per annexure B&C respectively to the plaint and also restrained from committing acts of unfair competition and passing-off”

2.31 The Complainant respectfully prayed for the following:

- i. Initiation of enquiry under Regulation 16 & 17 of the Competition Commission (General Enforcement) Regulations, 2007 against the Respondent for committing aforesaid acts constituting Deceptive Marketing Practices.
- ii. Initiation of proceedings in accordance with the procedure of the Act as per Section 30 of the Act;
- iii. An order under Section 31(1)(c)(i) & (ii) to require the Respondent to restore the previous market condition and not to repeat the prohibitions specified in Section 10 and for confiscation, forfeiture or destruction of the goods for which the Respondent is or has been fraudulently using the trademark, product labelling and packaging of the Complainant;
- iv. Impose a high penalty at rates prescribed in Section 38 of the Act due to Respondent’s willful indulgence in Deceptive Marketing Practices;
- v. Any other relief deemed fit by the Honorable Commission.

SUBMISSION OF THE RESPONDENT

3.1 The Complaint was forwarded to the Respondent for comments on October 20, 2021. The Respondent vide letter dated November 02, 2021, through its legal counsel M/s Zafar & Associates – LLP, requested for an extension of thirty (30) working days to submit the requisite comments/reply to the complaint. However, an extension of fifteen (15) working days was granted to the Respondent. On November 19, 2021, another request for extension of fifteen (15) working days was received from Respondent, however, only ten (10) days extension was granted to it. On December 03, 2021, the authorized representative of the Respondent informed the Enquiry Committee regarding change of legal counsel from Zafar & Associates – LLP to Mandviwalla & Zafar Advocates and also requested a further two weeks’ extension in time to submit the requisite information/comments/reply to the complaint. Keeping in view the circumstances, a final extension till December 17, 2021 was granted to the Respondent.

3.2 The Respondent, submitted its reply/comments dated December 16, 2021. The contents of the reply are summarized below:

A. PRELIMINARY OBJECTIONS:

3.3 That the instant complaint is not maintainable in its present state and form, as it is replica of Suite No. 223/IPT/LHR of 2021 filed in the IP Tribunal at Lahore wherein the Complainant was initially granted a restraining order dated September 13, 2021 against the Respondent.

However, the said restraining order was assailed and set aside by the Hon'ble Lahore High Court, Lahore in F.O.A 61359 of 2021 vide judgement dated October 06, 2021, announced on December 02, 2021, (copy attached as **Annex-B**) wherein the Lahore High Court was pleased to allow the appeal of the Respondent and restore the balance of convenience by suspending the order of IP Tribunal dated September 13, 2021, which unlawfully restrained the Respondent from manufacturing, selling, stocking, exporting offering for sale and advertising cakes in the shape of a Bear without due consideration of evidence.

- 3.4 That the Hon'ble Lahore High Court vide its judgement dated October 06, 2021, directed the IP Tribunal to adjudicate with the due consideration of evidence as to whether any violation of IP Laws has taken place, and accordingly a complaint to the Commission has resulted in multiplicity of proceedings.
- 3.5 That the purported violations under Section 10(2)(d) of the Act in terms of fraudulent use of another's trademark may only be determined once it has been established by the IP Tribunal whether there is even an infringement on the basis of evidence that is adduced, and accordingly during the operation of the Lahore High Court Order and the pendency of the suit before the Tribunal, a determination with regard to fraudulent use of the mark may not take place at this juncture.
- 3.6 That the Complainant has maliciously filed the instant complaint against the Respondent on the basis of impugned 'Bear Device Motif' which has no distinctive character in terms of Section 14(b) of the Trade Marks Ordinance, 2001 (the 'Ordinance') especially since the impugned trademark is a common symbol. The registration of the Complainant's trademarks is not sustainable especially without the use of disclaimer due to the generic nature of the bear shape. Moreover, the Complainant has no production, supply, sales or market penetration in Pakistan and hence has failed to establish any fraudulent use of its trademark in contravention of the Act.
- 3.7 The Complainant has not come before the Commission with clean hands since the use of animated caricatures is considered generic. The Respondent submitted that even if the normal test of comparison applies comparative advertisement is permitted under section 68 of the Ordinance. The Respondent's trademark 'GLUCO TEDDY' and Teddy Device logo is sufficiently different from that of the Complainant's impugned trademark 'BARNI' and 'BEAR DEVICE MOTIF' on label. The Respondent has been recognized by 'GLUCO TEDDY' and 'Teddy Device Logo' along with its iconic mark and umbrella brand "Peek Freans" and the Pied Piper, which has acquired immense brand loyalty in the minds of consumers since the inception of the Respondent in 1966.
- 3.8 That the Respondent is entitled to common law protection as confirmed by the Judgement of Lahore High Court dated October 06, 2021, as being first prior user. Accordingly the Respondent has launched its product 'GLUCO TEDDY' and 'Teddy Device Logo' under the name and style and market collateral, which exists as a result of the trademark "GLUCO" which the Respondent has been using since 1993 prior to any domestic or international registration contended by the Complainant for which the following trademark registrations have been completed by the Respondent.

S. No	T.M	T.M No.	Class	Date of Regis.	Date of Renewal
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1	GLUCO	119687	30	March 22, 1993	March 22, 2000 & March 22, 2015
2	GLUCO PLUS	145719	30	Dec. 27, 1997	Dec. 27, 2004 & Dec. 27, 2014
3	GLUCO GOLD BISCUITS	147096	30	March 19, 1998	March 19, 2015

3.9 The Respondent has also obtained following registrations Copyrights in relation to artistic work and label design.

S. No	Copy Rights	Regis. No.	Date of Regis.
1	GLUCO	5022	September 24, 1995
2	GLUCO	24140	October 08, 2011
2	GLUCO PLUS	9048	April 01, 2000
3	GLUCO GOLD BISCUITS	9036	April 01, 2000

3.10 The Respondent submitted that the trademark 'GLUCO TEDDY' and 'Teddy Device Logo' have several distinctive characteristics, including but not limited to superior brand penetration and marketability in Pakistan. That even from a cursory glance at both the products, if placed in comparison, look different with no similarity between them. The Complainant submitted that a strong likelihood of confusion on part of the targeted consumers is central to determination as to existence of a deceptive marketing practices through the fraudulent use of another's trademark. The allegation of infringement is not attracted where there is a combination of materially distinctive features, in which situation a comparison and analysis is required of intrinsic and external factors to determine how likely it is that consumer confusion shall result objectively. Such factors may include among others, the extent of similarity in overall "Trade Dress" of competing products; labelling; graphically designed packaging; the entire color scheme; and the uniqueness of the visual appearance of the product, etc. Therefore, the objected device cannot be seen in isolation to the whims and fancies of the Complainant, who is otherwise engaged in stock-piling trademarks in different jurisdictions which is an unethical practice in itself and must be deprecated.

3.11 The Respondent submitted that the instant complaint can't be proceeded further on the basis of two entirely different brand names (*visually and phonetically*) viz 'BARNI' vs. 'GLUCO TEDDY' as well as on the basis of the impugned 'Bear Device Motif', which does not confer any exclusive right upon the Complainant in any manner whatsoever, since the use of animated caricatures of animals either as logos or as a shapes are considered generic and customary for confectionary products.

3.12 That as common trade fashion in the confectionary industry, there are many other entities in Pakistan and around the globe, which have been using 'bear' as a shape/design for their products as well as logs on the product packaging for marketing and selling of confectionary products. For reference the Respondent has submitted other teddy bear cake products, using a similar trademark, i.e., Teddy Bear (Annex-C).

3.13 The Respondent pointed out that the Complainant has already filed a suit for trademark infringement against it before the IP Tribunal on the same subject and the present complaint results in multiplicity of proceedings between the parties. Therefore, the Respondent will suffer from 'double jeopardy' if the instant complaint is entertained by the Commission. The

said complaint has only been filed in attempt to further damage the reputation of the Respondent and as well as create an anti-competitive environment by sabotaging commercial undertakings in Pakistan through abuse of the process of law.

- 3.14 The Respondent further submitted that in case of Section 10(2)(d) of the Act, the prohibition is in regard to the responsibility of the undertakings not to engage in deceptive marketing practices by fraudulently using the trademark of another. For ease of reference, the prohibition contained in Section 10(2)(d) of the Act has been reproduced below:

“(d) Fraudulent use of another’s trademark, firm name, or product labeling or packaging”. [Emphasis Added]

- 3.15 The Respondent submitted that the word ‘another’ has deliberately been used by the Legislature so that the Commission may only proceed where the fact of the ownership of trademark, firm name, product labeling and packaging is not in dispute. Furthermore, under Section 10 of the Act, the Commission does not act as a declaratory forum or as a registration authority to be approached, when there is a dispute as to the ownership or registration of the trademark. There is not a single provision in the Act that empowers the Commission to engage in pursuit of determining the right or legal status of an Intellectual Property. The prohibition or violation entailed in Section 10(2)(d) of the Act can in no way be construed to have the effect of creating or declaring the rights.
- 3.16 That the granting of the proprietary rights in intellectual property is the sole domain of IPO. Moreover, in absence of any business activities in Pakistan, the Complainant does not qualify to be an ‘undertaking’ operating within Pakistan nor it can establish any claim in relation to ‘harming of the commercial interests’ when the Complainant’s product is not even available for sale in Pakistani market. It is the IPO alone which shall establish the legal issues on final determination of the suit filed the Complainant itself, to which the Respondent reserve constitutional right to defend and question the registration of trademark and that too of generic shape. Thus, the Commission should not proceed and adjudicate on the instant proceedings, which are otherwise liable to be rejected, especially since there are clear directions from the Lahore High Court for evidence to be led before the IP Tribunal at Lahore.
- 3.17 That the instant complaint has been filed with the intent that the Respondent suffers not only colossal monetary losses but also the loss of existing and potential customers. The Respondent has a renowned name in the food and confectionary industry and the complaint of such nature has the potential to defame the Respondent and to cause great impact on the image that the Respondent has sustained for five decades.

B. PARA-WISE REPLY TO THE COMPLAINT:

- 3.18 The Respondent denied the content of Para 2.4 *ibid.* and demanded strict proof thereof. The Respondent further submitted that it has been falsely claimed that only the Complainant and the person authorized by it are entitled to manufacture and sell cakes in the shape of a Bear. The allegation is completely groundless as exclusive rights can’t be conferred to any person/body/organization, in respect of a bear as the same is generic in nature and can’t be claimed by the Complainant as its own creation, design or trademark. Moreover, the

Complainant has malafidely registered its mark without the inclusion of a disclaimer in contravention of section 14(2)(a) of the Ordinance.

- 3.19 The Respondent further denied the claim of exclusivity over the bear shape mark and pointed out that the Complainant has been frequently using the word "Distinctive" before its product and has falsely tried to associate its possession over the 'Bear' shape, which is generic. Moreover, the net revenue of the Complainant's earnings through its product in different parts of the world do not concern the matter in hand especially since the Complainant is not in business in Pakistan. The Complainant has admitted that 'Barni' and 'Barny' are registered in different countries which is a testament of the fact that there is no consistent product of the Complainant and hence allegation of fraudulent use of trademark under the Act are unfounded given the inconsistent use of the Complainant's own purported registered trademark.
- 3.20 The Respondent denied the content of Para 2.8 & 2.9 *ibid*, and demanded strict proof thereof, as no case for deceptive marketing can be made out in terms of the following:
- a) That no official circulation of product in Pakistan;
 - b) That the product merely displayed in international food fairs as represented by the Complainant;
 - c) That the claim of trademark registration varying dates, i.e., 1996, 2007, notwithstanding the fact that the Respondent was registered under 'GLUCO' since 1993;
 - d) That the information in regard to annual sales, revenue and advertising expenditure are all outside Pakistan and hence the question of deceptive marketing practices in Pakistan does not even arise.
- 3.21 The Respondent has denied the content of Para 2.10 *ibid* and submitted that all the evidence attached with the complaint are outside Pakistan giving the Complainant no identity in Pakistan which is outside the preview of Section 86 of the Ordinance in terms of being known as a well-known mark.
- 3.22 That the conversed product is not under circulation in Pakistan and is only available in Pakistan through E-Commerce and hence the Complainant has made failed attempt to demonstrate brand loyalty and customer preference of its product in Pakistan. It is well established by now that a person is not taken to have infringed the trademark if it appears that using the sign (i.e., Bear Device) as the person did it is not likely to, deceive or cause confusion. Moreover, because the umbrella brand i.e., Gluco is already available in Pakistani market and has been a household brand for more than two decades having its own unique identity among the consumers.
- 3.23 In response to Para 2.13, 2.14&2.15 *ibid*, the Respondent has denied it and demanded strict proof thereof and further testament that the Complainant has failed to demonstrate which mark it has claimed fraudulent use of. The Respondent further stated that the Complainant has accepted that it has not been operating in Pakistan and hence intent to destroy an already existing brand is clear as a result of multiplicity of proceedings initiated by the Complainant.

- 3.24 The Respondent submitted that no registration of trademark of Complainant is competent without a disclaimer as the registration was in respect of generic shape i.e., Bear. The Respondent further highlighted that the admission made by the Complainant regarding the non-existence of its products in Pakistani market and it only familiarized with Pakistani national on account of the travelling of a certain category of audience in Pakistan. This claim itself elucidates the accurate image of the Complainant's product representation and popularity in Pakistan.
- 3.25 The Respondent submitted that a bear, being a non-distinctive character and a generic animal, cannot be exclusively associated with the Complainant as their own creation, design, or trademark. Moreover, two products are, in reality, distinct from one another, the Respondent's product is materially distinct from Complainant's product in shape, size, color, packaging and hence the question of infringement of rights of Complainant and unfair competition are baseless. By way of Gluco and subsequently Gluco Teddy, the Respondent has already acquired a vested right to the trademark before the Complainant's product Barni in terms of common law first prior usage.
- 3.26 The Respondent submitted that its product preexists that of the Complainant's product *Barni* and hence there has been no adoption of similar shape products by the Respondent but *vice versa*. It has further submitted that the Respondent's trademark is protected under section 42 of the Ordinance as a mark cannot be said to be infringed when no confusion is created in consumers mind, which is impossible given that the product is not in existence in Pakistan.
- 3.27 The Respondent further submitted that its product, i.e., Gluco Teddy is materially distinctive from Barni and hence is not even close of being deceptively similar to that of the Complainant's product and hence there is no violation of Section 10(1) in terms of Section 10(2) (d) of the Act. The Respondent submitted that exclusivity of its product can be seen through endorsements by international organizations such as Turbel Turkey and Storm Brands UK.
- 3.28 The burden of the Complainant's claim is based on price being the only differentiating factor between the products but in reality, the Complainant's product is only available through E-Commerce and is not physically available to the consumer market. Hence, there is no similarity of the consumer's choice of purchase as alleged. The Complainant has failed to demonstrate its direct presence in Pakistan. The sales of the Complainants in this country are also determinate at this stage, although the Complainant has made a failed attempt by referring to certain import receipts of its goods, which are yet to be proved before the IPO.
- 3.29 The Respondent has denied the allegation with regards to being authorized by the Complainant to selling its goods and tried to capitalize the goodwill associated with the Complainant's trademark. The Respondent has admitted the pendency of litigation between two parties. The business of the Respondent has been operated legally and lawfully and cannot be stopped from doing so by alien especially during the operation of the Lahore High Court judgement.

REJOINDER BY THE COMPLAINANT

- 4.1 The comments/reply of the Respondent was forwarded to the Complainant for its rejoinder vide letter dated December 21, 2021. The Complainant, vide letter dated December 28, 2021,

requested for extension of 4 weeks' time period for submission of its rejoinder. However, only 03 weeks' time was granted to the Complainant.

- 4.2 On January 20, 2022, the Complainant once again requested for an extension of three weeks' time period due to COVID-19 restrictions in various cities. Keeping in mid the COVID-19 situation, a final extension till February 11, 2022 was granted to the Complainant. The Complainant submitted its rejoinder vide letter dated February 10, 2022, the contents of which are reproduced below:
- 4.3 The Complainant denied that its complaint with the Commission is a replica of Suit No. 223/IPT/LHR of 2021 file in the IP Tribunal at Lahore. The Complainant admitted that the Complainant was initially granted a restraining order dated September 13, 2021 against the Respondent and that the said restraining order was assailed and set aside by the Hon'ble Lahore High Court in F.A.O 61359 of 2021 vide judgement dated October 06, 2021 (announced on December 02, 2021) wherein the Hon'ble Lahore High Court was pleased to allow the appeal of the Respondent. However, the Complainant strongly denied that the Hon'ble Lahore High Court made any observation about allegedly, restoring the balance of convenience. The Complainant further submitted that it has already filed an appeal to the Hon'ble Supreme Court against the aforesaid order of the Hon'ble Lahore High Court.
- 4.4 The Complainant admitted that the Hon'ble Lahore High Court vide its judgment dated October 6, 2021 (announced on December 2, 2021) has directed the learned Intellectual Property Tribunal to pass an order afresh of the basis of Written Statement of the Respondent, which the learned High Court assumed was not filed, but was already filed by the Respondent before the passing of order dated October 6, 2021 (announced on December 2, 2021). However, the Complainant strongly denied that a Complaint to the Commission has resulted in multiplicity of proceedings.
- 4.5 The Complainant further submitted that the titled Complaint has altogether different legal and statutory grounds and totally different prayers as compared to the Suit pending in IP Tribunal and that no legal Bar exists. In fact, there are prior cases decided by the Commission where the Commission has decided Complaints, even though Suits before the IP Tribunal (and/or the Courts) have been pending, such as 'National Foods, A. Rahim case. Independent of the above, the Hon'ble Commission has the powers of the Civil Court under section 33 of the Competition Act, 2010 for the purposes of proceedings or enquiry, to record and take evidence, summon witnesses and record, etc.
- 4.6 The Complainant denied that the purported violations under the Competition Act 2010 ("Act") under section 10(2)(d) in terms of fraudulent use of another's trademark may only be determined once it has been established by the learned Intellectual Property Tribunal whether there is even an infringement on the basis of evidence that is adduced before the IP Tribunal, and that during the operation of the Lahore High Court Order and the pendency of the Suit before the Tribunal, a determination with regard to fraudulent use of the mark may not take place at this juncture.
- 4.7 The Complainant, in its rejoinder, has denied that the impugned "Bear Device Motif", which has no distinctive character in terms of section 14(b) of the IP Ordinance and it is a common symbol for cakes and generic in nature. It was further denied that no registration of the Complainant's trademark is sustainable without the alleged disclaimer due to alleged generic

nature of the bear shape. The Complainant submitted that the said complaint has been filled on the basis of a Bear Shape and Bear Device Motif both of which have been used nationwide by the Complainant and registered, as also used and registered in Pakistan, as disclosed in the complaint.

- 4.8 The Respondent's willful false statements are belied from its own acts and statements made in these proceedings, and in other proceedings, as the Respondent has itself filed trademark and copyright registrations/applications for the Bear shape and Bear device motif in September 2021 by claiming exclusive rights/monopoly rights for the Bear shape and Bear device motif, which goes on to show that the Respondent considers, and treats them, as distinctive and registerable trademarks, but to deceive and hoodwink the Commission the Respondent has maliciously and willfully taken a wrong and false stance that the Bear shape are generic or non-distinctive, which they are not. Moreover, it is not within the jurisdiction of the Commission to hold any trademark as generic or non-distinctive. The said jurisdiction is that of the Registrar of Trademarks under the Trademarks Ordinance, 2001, who has already held the Bear shape and Bear device motif as distinctive and not generic, by registering them, which is a past and closed transaction, hence the Respondent cannot be allowed to raise any such argument or objection in these proceedings.
- 4.9 The Complainant denied that it is a case of comparative advertisement, or that comparative advertisement is permitted under section 68 of the Ordinance. Moreover, it has also been denied that the Respondent's trademark (Teddy) Bear Device Logo/Motif is sufficiently different from that of the Complainant's Bear Device Motif. The Complainant further denied that that the Respondent is recognized by the Gluco Teddy mark or Teddy Bear Device and the Pied Piper which are claimed to have immense brand loyalty in the minds of consumers since the inception of the Respondent in 1966. The GLUCO TEDDY wordmark and (Teddy) Bear device logo / motif was first used in September 2021, immediately where after the Complainant filed Suit in the IP Tribunal, therefore, the question of use since 1996 does not arise, which claim is malafide and false. It is to be noted that the Respondent has not denied that its Bear shape cake is identical to the Bear shape cake of the Complainant.
- 4.10 The Complainant has strongly denied that the Respondent is entitled to common law protection, which was anyway confirmed by the Judgement of Lahore High Court being as first prior user and that accordingly the Respondent has launched its products GLUCO TEDDY and Teddy device logo under the name, style, which was actually launched in September 2021 before the Lahore High Court order of October 6, 2021 (announced December 2, 2021).
- 4.11 The Respondent willfully and malafidely mis-interpret the said order of Lahore High Court, as per its said order, the Hon'ble Lahore High Court has not passed any order to the effect that "Respondent is entitled to common law protection or that Respondent is the prior user". The details of trademark registration for GLUCO or GLUCO PLUS or GLUCO Gold biscuits are not relevant to the matter in hand as the Complainant has not raised any objection against GLUCO per se.
- 4.12 It was stated that the Complainant has no interest whatsoever in prejudicing the legitimate business and commercial interests of any entity, however, the Complainant is extremely serious about safeguarding its rights under the law, especially its intellectual property rights, which the Respondent has been in continuous violation over the years, having launched and

carrying out the sale of dozens of products that adopt deceptively similar trademarks, trade dress, packaging labels, color schemes, and product configurations.

- 4.13 That all the assertions on the part of the Respondent, as to blackmail/harassment/concoction/coercion/forgery/mala fide, are denied by the Complainant in the most unequivocal terms, and the Complainant reserves the right to initiate proceedings against any such false allegations. The Complainant has filed this complaint pursuant to the procedure enumerated under the Act, and fulfilled all the requirements for the same.
- 4.14 It was submitted that the pattern of abuse and parasitic copying emanating from the Respondents is clearly illegal, unlawful and tried to undermine the Complainant's business interests, to such extent that cannot be qualified. Furthermore, all claims such that the Respondents are bona fide adopters or prior users of the intellectual property used upon their copied products and the Respondents' products are widely popular are denied as manifestly false.
- 4.15 Further, the instant Complaint has nothing to do with rivalry, since the Complainant has neither challenged, nor plans to challenge the legal and legitimate commercial activities of the Respondents, and the Complaint has been limited strictly to those acts and products of the Respondents that encroach upon the Complainant's goodwill/reputation/sales/intellectual property.
- 4.16 The Complainant has pointed out that the legal standard to ascertain deception and confusion in the context of intellectual property applied to goods is from the eyes of the ordinary consumers, who, pursuant to the decisions of the superior judiciary, cannot be expected to observe minute details in scripted upon goods that are near identical to the original. Furthermore, the Respondents' statement as to the Complainant's House Mark being the dominant feature is perverse and an attempt to detract from the truth, exactly because the dominant feature(s) upon numerous Complainant's products have been maliciously copied by the Respondents upon their own.
- 4.17 The Complainant submitted that the Complaint had been instituted by a duly authorized person and the board resolution of the Complainant's company had been attached in the annexures of the Complaint.
- 4.18 The Complainant highlighted that under clear principles enumerated by the High Courts and Supreme Court, prior use of a trademark is the supreme consideration as to the adjudication of proprietary rights, with the courts even going so far as revoking trademark registrations of copied/deceptively similar trademarks/artistic work/trade dress on the basis that another used mark first, even when that other did not have a registration for the same. It is clear therefore that under the law, the assertion that the Respondents have trademark/copyright registrations for parasitic elements being used upon their products is liable to be rejected outright, especially since the Complainant has prior use for all trademarks/trade dress/artistic work that forms the subject matter of this Complaint.
- 4.19 It is to be noted, however, that regardless of the use of its own House Mark, the use of near identical packaging upon the same goods as those of the Complainant in and of itself warrants a violation of Section 10 of the Act, pursuant further to the Commission's past orders in matters concerning deceptive marketing practices.



- 4.20 The Complainant further stated that the Respondent has not denied that the products making use of parasitic copying, highlighted in the Complaint, do not belong to them. Secondly, the fact that the Respondents have chosen to focus on the trademarks and put off comparisons of labels to the hearing stage only exposes mala fide adoptions. It is clear that the Respondents' products, including but not limited to associated trademark, label design, color scheme, layout and even the size and shape of the products have been coined and put together with the clear and indomitable aim to pass off their products as the Complainant's original, specifically with a view to duping the public into purchasing the imitations, thinking the same to be originals.
- 4.21 It was submitted that creating an imitation/deceptively similar version that makes use of the same color scheme, identical trademark, identical label/layout, identical product configuration, identical Bear shaped device with hats and same pricing per unit come together to establish clear malicious intent on the part of the Respondents and a violation of Section 10 of the Act.
- 4.22 The Complainant reiterated that it deserves to be compensated for the loss of revenue and business opportunity, in addition to immense damage to its goodwill as a result of the Respondents' illegal actions.

5. ANALYSIS

- 5.1 The following paragraphs shall seek to provide a detailed discussion and analysis, in light of the aforementioned facts, to consider whether there has been a, *prima facie*, violation of provisions of Section 10 (1) of the Act in terms of Section 10 (2) (a), (b) and (d) of the Act.
- 5.2 In doing so, the Enquiry Committee wish to identify three distinct issues:
- I. *Whether the allegations levied against the Respondent under the Complaint constitute a, prima facie, violation of section 10 (1) of the Act in terms of Section 10 (2) (a), (b) & (d) of the Act.*
- 5.3 In order to determine the above, various matters pertinent to significance of trademarks and their association with Section 10 of the Act would subsequently be discussed. It is important to understand the concept of trade/service mark.
- 5.4 A word, phrase, symbol, and/or design which is used to classify and distinguish goods and services in general and from those of its competitors is known as a trade or service mark.
- 5.5 The term, "mark" has been defined in Section 2(xxiv) of the Trade Marks Ordinance, 2001 (the 'Ordinance')² as:

(xxiv) "mark" includes, in particular, a device, brand, heading, label, ticket, name including person name, signature, word, letter, numeral, figurative elements, color, sound or and combination thereof;

² http://www.ipo.gov.pk/uploads/CMS/Trade_Mark_Ordinance_2001.pdf

5.6 In addition, Section 2(xlvii) of the Ordinance defines the term “trade mark” as³:

(xlvii) "trade mark" means any mark capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings;

- 5.7 Such uniquely developed trade or service marks are created and adopted by undertakings to assist consumers in quick identification of their brands of varied products. One of the major purposes of these trade/service marks is also to separate them from those of its competitors.
- 5.8 These creative works then represent a certain perception about the respective products in terms of the status, price, unique characteristics, method or place of production/origin of service providers, properties, quality, etc., of the relevant goods and services. Consequently, they also become one of the most important aspects of the undertaking’s goodwill.
- 5.9 Therefore, in order to form their unique identity, firms invest significantly in creating and promoting their brands through the medium of trademarks. These creative works, hence, become a prominent aspect of the brand image and goodwill of their owners, as they not only represent the producers/providers of these products, but also symbolize the unique features and quality of the said products. Furthermore, owing to its properties, significant efforts have been made across the country, to protect such property rights. Whereas, fraudulent use of these rights constitutes a clear violation of law including Section 10(2) (d) of the Act, which prohibits “fraudulent use of another’s trademark, firm name, or product labelling or packaging.
- 5.10 Therefore, protection of such property rights have twofold benefits. Firstly, these laws ensure protection of property rights of the owners of these trademarks who invest significantly into their creation and promotion in order to establish a certain brand image and goodwill. Through such actions, fair competition is also protected and promoted. Secondly, they prevent consumer injury caused as a result of trademark infringement. Reason being that trademark infringement may induce a consumer into buying a product which they may otherwise have not bought. Such a situation may arise as a consequence of confusing one product with some other similar product containing the identical or similar trademark and/or packaging.
- 5.11 Before moving forward, it is important to discuss the issues raised by the Respondent pertaining to the maintainability of the complaint and jurisdiction of the Commission under the Act.
- 5.12 The Respondent submitted that “*under Section 10 of the Act, the Commission does not act as declaratory forum or as a registration authority to be approached, when there is a dispute as to the ownership or registration of trademark*”. In this regard, it is pertinent mention here that the ownership of trademark “Bear Shape” and “Bear Device Motif” is not in dispute as these marks are already registered in favor of the Complainant. Certified copies of trademarks are attached as (Annex-D)

³ http://www.ipa.gov.pk/uploads/CMS/Trade_Mark_Ordinance_2001.pdf

5.13 The Respondent submitted that the use of animated caricatures is considered generic and the trademarks of the Complainant have no '*distinctive character*' in terms of Section 14(b) of the T.M Ordinance and the Bear Device Motif is a common symbol. The Respondent further submitted that no registration of Complainant's trademarks are sustainable especially without the use of a 'disclaimer' due to the generic nature of the Bear shape.

5.14 It is important to mention here that section 14 of the T.M Ordinance deals with absolute ground for refusal of registration, whereas the trademarks 'Bear Shape (device)' & Bear Device Motif of the Complainant are duly registered without any disclaimer. For ease of reference section 14(b) of T.M Ordinance is reproduced hereunder:

14. Absolute grounds for refusal of registration.-

(1) The following shall not be registered, namely:-

(b) trademarks which are devoid of any distinctive character;

5.15 It is also pertinent to mention here that section 21 of T.M Ordinance deals with the matters where the registration is granted with a disclaimer. For reference the relevant section of T.M Ordinance is reproduced hereunder.

21. Registration subject to disclaimer.-

if a trade mark contains-

(a) any part not separately registered as a trade mark in the name of the proprietor;

(b) any part for the separate registration of which no application has been made; or

(c) any matter common to the trade, or otherwise of a non-distinctive character;

5.16 Since the trademarks 'Bear Shape' and 'Bear Device Motif', are registered without any disclaimer, therefore, it can be concluded that the trademarks of Complainant have several distinctive characteristics, hence not common to trade. The Respondent has not placed any document on record to prove that it has filed any application before the Registrar of Trademarks for revocation of registration u/s 73 of T.M Ordinance.

5.17 The Respondent repeatedly submitted that its trademark 'GLUCO TEDDY' and 'Teddy Device Logo' is sufficiently different from that of the Complainant's trademark 'BARNI' and 'BEAR DEVICE MOTIF' on label, whereas the Complainant has not raised any objection against GLUCO per se.

5.18 The Respondent claimed that trademarks "Bear Shape" and "Bear Device Motif" have no distinctive characters and are common to trade or not registerable. On the other hand, they themselves, filed application for registration of trademark and copyright claiming exclusive rights, registration and proprietorship for the 'Bear Shape' and 'Bear Device Motif' for sponge cakes. Copies of trademark/copyright applications are attached as Annex-E.

5.19 Another objection which has been raised by the Respondent that "under Section 10 of the Act, the Commission does not act as declaratory forum or as a registration authority to be approached, when there is a dispute as to the ownership or registration of trademark". In this regard, it is pertinent mention here that the ownership of trademark "Bear Shape" and

“Bear Device Motif” is not in dispute as these marks are already registered in favor of the Complainant.

- 5.20 Since, much stress has been laid down on the principle of “*Double Jeopardy*” therefore, we also deemed it appropriate to discuss the issue of “*Double Jeopardy*” before proceeding on with the basic issue of, *prima facie*, violation of Section 10 of the Act.
- 5.21 It is pertinent to mention here that the Complainant had also instituted a Suit in the Intellectual Property Tribunal (the “IPT”), Lahore being Suit No. 223/IPT/LHR of 2021 against the Respondent for infringement of the trademark under the provisions of TM Ordinance, wherein interim injunction was granted in favor of the Complainant and against the Respondent regarding the use of mark “**Barni, Shape of Bear and a Bear Device Mark**”. Copy the Injunctive Order is attached as Annex-F.
- 5.22 The Respondent also filed appeal, under section 19 of the IPO Act, 2012 and enabling provisions thereunder, in Lahore High Court, Lahore being FAO 61359 of 2021 against the restraining order of IP Tribunal, Lahore dated September 13, 2021. The said restraining order was assailed and set aside by the Hon’ble Lahore High Court vide judgement dated October 06, 2021 (announced on December 02, 2021). The Complainant has also filed an appeal to the Hon’ble Supreme Court against the aforesaid order of the Hon’ble Lahore High Court which is still pending.
- 5.23 Upon directions of the Hon’ble Lahore High Court, the IP Tribunal, Lahore has decided the matter and passed a fresh order, dated April 30, 2022 on the basis of the written statement of the Respondent and dismissed interim injunction application filed by the Complainant.
- 5.24 The Complainant filed an appeal to the Hon’ble Lahore High Court, Lahore against the aforesaid order, dated April 30, 2022, passed by the IP Tribunal, Lahore. The Hon’ble Lahore High Court, Lahore in F.A.O 37814-2022 vide judgement dated June 17, 2022 has suspended the order passed by the IP Tribunal Lahore. Copies of order dated April 30, 2022 and June 17, 2022 are attached as Annex-G and Annex-H.
- 5.25 On the other hand, the complaint filed with the Commission pertains to the specific violation of Section 10 of the Act i.e. the deceptive marketing practices rather an infringement of trademark. Hence, primarily the scope of proceedings and the reliefs claimed in both the matters are under different statutes.
- 5.26 It is worth mentioning that under the provisions of the TM Ordinance in particular the provisions of subsection (3) of Section 39 of the TM Ordinance, the proprietor of a trademark is permitted to obtain relief under any other law for the time being in force in addition to availing the remedy under the TM Ordinance. The provisions of subsection (3) of Section 39 fo TM Ordinance are reproduced herein below:

39. (3) Without prejudice of the right of the proprietor of a registered trade mark to obtain any relief under any other law for the time being in force, the proprietor shall also have the right to obtain relief under this ordinance if the trade mark is infringed.

- 5.27 Bare perusal of the above provisions makes it abundantly clear that the law itself permits the proprietor of the trademark to avail various remedies under different laws including the remedy under the TM Ordinance.
- 5.28 Furthermore under the provisions of Section 59 of the Act, the Commission has exclusive jurisdiction to take cognizance of the matters provided and prohibitions under thereof.
- 5.29 In view of the above stated position, we, the enquiry officers, are of the *prima facie* view that the proceedings under Section 37(2) of the Act for determination of violation of Section 10 of the Act, are not resulted in multiplicity of proceedings between the parties.
- 5.30 Furthermore, the Respondent has also raised objection on maintainability of complaint on a ground that "in absence of any business activities in Pakistan, the Complainant does not qualify to be an "undertaking" in terms of Section 2(q) of the Act operating with in Pakistan nor it can establish any claim in relation to 'harm of the commercial interests' when the Complainant's product is not even available for sale in Pakistan Market".
- 5.31 At the outset, it should be noted that the Act applies to all entities which are in anyway engaged, directly or indirectly, in the production, supply, distribution of goods or provision or control of services in Pakistan in pursuance of clause (q) of subsection (1) of Section 2 of the Act, regardless of their size and the way in which they are established, financed or managed. The provisions of Section 10 mandate the Commission to curb all causes of consumer deception or deceptive marketing practices.
- 5.32 For deception to occur, there must be a representation, omission or practice (collectively, the "practices") that is likely to confuse or mislead the consumers in a material respect acting reasonably in the circumstances. In case of contravention of Section 10(2)(d), the Commission, in the matter of M/s DHL Pakistan (Pvt.) Limited dated 21 December 2012, reported, 2013 CLD 1041, has adopted the following view:

'[...] while interpreting Section 10[2(d)] of the Act; one needs to be conscious that the interpretation of the fraudulent use of a trademark has to be in the context of deceptive marking and [it] would have a broader scope. Rather than making it too complex by focusing on "subjective intention" of the Respondents. [I]n our considered view, it is best if we adopt simplistic approach i.e. if it can be demonstrated that the Respondents by use of the trademark, intended to deceive the customer/consumer to gain an [undue] advantage...

- 5.33 Therefore, the Commission is not concerned with the "subjective intention" of the contravening party. What matters is the "objective manifestation" of the practice in to examine whether the contravening party has indulged into "fraudulent use" another's trademark, firm name, or product labelling and packaging.
- 5.34 It is clear from the record and submissions of parties' that the "Bear Shape, Bear Device Motif and Barni" marks are registered and sold in the Pakistani marketplace, irrespective of the platforms adopted for sale of products. At present, only Continental Biscuits Limited, which is associated with the Complainant and has been authorized to use the "Bear Shape, Barni and Bear Device Motif" marks in Pakistan. Therefore, we the Enquiry Officers are

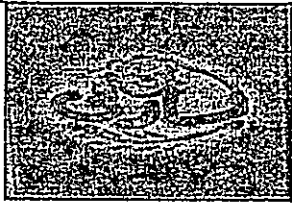
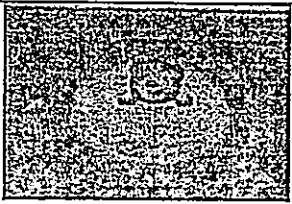
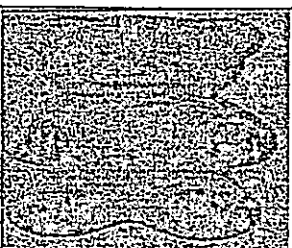
of the opinion that the Complainant has a valid right to initiate remedial action(s) against the imitators of its registered trademarks within the purview of Section 10 of the Act. Above all, the Commission is concerned with the consumers' right to protection against unfair, deceptive, fraudulent trade/business practices in terms of false or misleading advertising practices.

I. WHETHER THE ALLEGATIONS LEVIED AGAINST THE RESPONDENT UNDER THE COMPLAINT CONSTITUTE A, *PRIMA FACIE*, VIOLATION OF SECTION 10 (1) OF THE ACT IN TERMS OF SECTION 10 (2) (A), (B) & (D) OF THE ACT?




KEY FACTS OF THE MATTER:

5.35 According to the submission of the Complainant, making and marketing of sponge cakes in the shape of bear was a unique and novel concept, introduced by it back in 1996 and no third party had ever made sponge cake in the distinctive shape of Bear. The Complainant applied and was granted trademark registration, for distinctive bear shape in Pakistan, in year 2017. The product of the Complainant has been manufactured and marketed in the name of 'BARNI' which is also a registered trademark bearing No. 306595 in class 30.

5.36 In Pakistan, the Complainant has obtained the following trademark registrations:

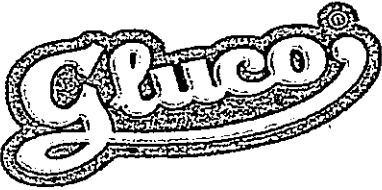
S.No.	Mark (Device)	T.M No.	Class	Date of Application	Date of Registration
1.	BARNI	306595	30	20-08-2011	24-10-2014
2.		306748	30	25-08-2011	14-05-2014
3.		478884	30	15-12-2017	17-06-2019
4.		478887	30	15-12-2017	17-06-2019


5.37 The Complainant has also applied for registration, the following trademarks:


S.No.	Mark (Device)	Application No.	Class	Filing Date	Status
1.		629582	30	30-08-2021	Pending
2.		629584	30	30-08-2021	Pending
3.		629583	30	30-08-2021	Pending

5.38 As mentioned in Para 2.12 *ibid*, the products of the Complainant have been marketed in Pakistan through various channels of trade as well as through online stores and market places. The Complainant has spent significant amount on promotion of its trademarks around the world. For Manufacturing, sales and marketing of sponge cake under the trademark 'Bear Device', the Complainant has authorized M/s Continental Biscuits Limited, which is Pakistani indirect associated company and in which it indirectly hold 49.5% of shareholding.

5.39 On the other hand, the Respondent is also a well-established business, operating in the confectionary industry of Pakistan since 1966. The Respondent had also applied and obtained the following trademark certificates in class 30 in respect of biscuits.

S. No	Mark (Device)	T.M No.	Class	Date of Registration	Date of Renewal
1.		119687	30	22-03-2000	22-03-2015

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2.		145719	30	27-12-2004	27-12-2014
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5.40 The Respondent has also obtained copyrights in the artistic work (label design) entitled 'GLUCO' and GLUCO PLUS. The Respondent has started manufacturing sponge cake under brand name 'Glucos Teddy' by using teddy device logo on its label design. The products of the Respondent have been recognized by mark (GLUCO) and umbrella brand 'Peek Freans' and the 'Pied Piper'.

5.41 Before analyzing, it is pertinent to mention here that the Complainant alleged that the Respondent has imitated and copied two of their well-known trademarks "Bear Device" and "Bear Device Motif which are duly registered trademarks under No's 478887 & 478884 with the Trade Mark Registry, Karachi, however, no copyrights have been obtained by the Complainant so far for its sponge cake 'Barni'.

5.42 It is worth mentioning that making and marketing of sponge cake in the shape of Bear was a new concept, adopted by the Complainant around 1996 and trademark registrations were obtained by the Complainant in Pakistan in 2017, whereas the Respondent has introduced the sponge cake in the shape of Bear in Pakistan on August 24, 2021. The Respondent has also applied for registration of Copyrights for its sponge cake on September 29, 2021.

5.43 The Complainant also submitted colored copies of product wrappers of the alleged products along with copies of each. For ease of reference and comparison, packaging of both the products is depicted below:

Complainant's Product



Bear Device Motif (Logo) # 478887

Bear Shape (Device) # 478884

Respondent's Product



Bear Device Motif (Logo)

Bear Shape (Device)

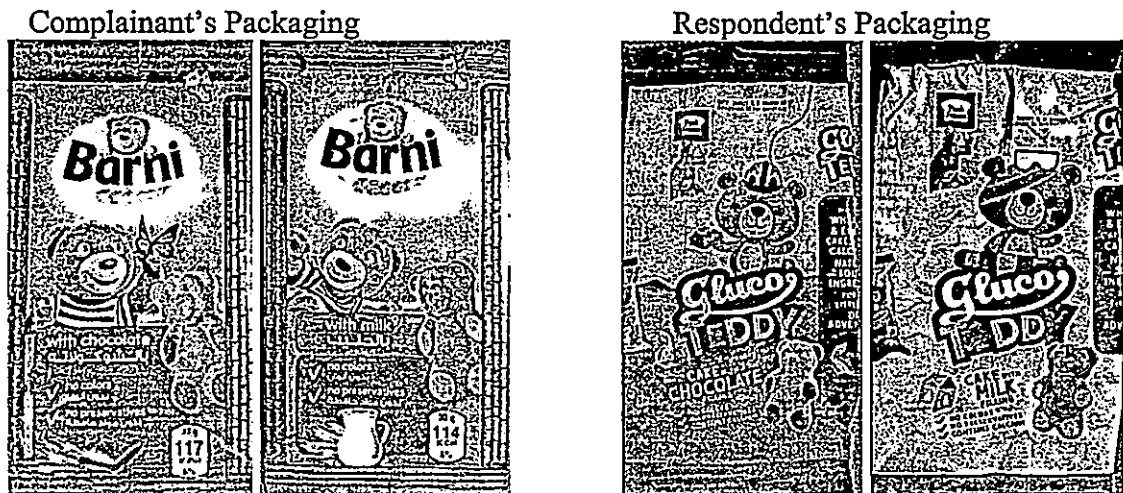
5.44 It is clearly visible (encircled Areas) that Respondent has used the shape of Bear and/or Bear Device Motif (logo) on its product packaging. The Bear (Device) used by the Respondent is identical to that of the Complainant's mark bearing registration no. 478887 whereas, the Bear

Device Motif (logo) used by the Respondent is not identical nor similar to that of the Complainant's mark bearing registration no. 478884. The Respondent has used the identical Bear Shape without any authorization, and made them in a similar way, as that of the Complainant, made the color of the body of Bear and paws in identical manner as those of Complainant.

- 5.45 The test for similarity laid down in the Chiltan Case 2001 SCMR 967 Messrs MEHRAN GHEE MILLS. (PVT.) LIMITED and others Vs. Messrs CHILTAN GHEE MILL (PVT.) LIMITED to the following effect.

15.If the two marks are absolutely identical no further probe is needed and infringement is established. Essential features of the marks shall be looked into for effectively deciding the issue of infringement. To constitute infringement it is not necessary that whole of the mark be adopted. The infringement will be completed if one or more dominating features of a mark are copied out. If there is a striking resemblance, ex facie, it would lead towards the conclusion that the mark has been infringed.

- 5.46 Moreover, it is also evident that the Respondent has even used the descriptive words in an identical manner and placement on the product packaging and labeling. The fact that the Respondent has adopted a trade dress parallel to that of the Complainant's, points out that the Respondent is attempting to mislead consumers into making an impulsive decision into buying their product which looks similar to that of the Complainant.



- 5.47 It can be seen from the above images that the Respondent has used similar color combinations of sky blue and chocolate colors for chocolate filled product packaging, depicted the Bear shape cake on the packaging, and also used Bear Device Motif in addition. The fact remains that it had number of options available for the shape of its cakes and the animal device motif to be used in relation to its product. The packaging of the Respondent is uncannily similar to/ identical to that of the Complainant with very slight and easily overlooked differences.

- 5.48 It is important here to consider that colors used by the Complainant are not the intellectual property of the Complainant, nor does it has the sole right to use those colors in the relevant product category. However, it has been held by the U.S. Court of Appeals in the matter of Beneficial Corp v. FTC, 542 F. 2d 611 (3rd Circuit. 1976) that:

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"The tendency of the advertising to deceive must be judged by viewing it as a whole, without emphasizing isolated words or phrases apart from their context."⁴

5.49 The Commission, in the matter of M/s K&N's Foods (Pvt.) Ltd vs. M/s Rahim Foods Limited, in order to set a benchmark for the Commission's consideration and consequent adjudication of cases, held that;

"The Commission considers it appropriate to examine the packaging and product labelling appearance of a finished product as a whole which may collectively include visually confusing resemblances in elements of color scheme, layout style, design, images, labels, font usage etc., instead of each individual similarity in isolation, to come to its determination as to a contravention under Section 10 (2)(d) of the Act⁵".

5.50 In view of facts, it is safe to infer that the Respondent has imitated the Complainant's packaging and the conduct of the Respondent falls under the ambit of Parasitic Copying, which means;

"Indeed parasitic copying typically consists in reproducing the main presentational features of market leading products (such as the shape of the product or of its packaging, color combination and graphic arrangement) but usually there is just enough difference to avoid a clear cut trade mark infringement. Still they often generate deception or confusion among consumers⁶"

5.51 In the same Order it was further held that:

"In case of both parasitic copying and a contravention of section 10 (1) in term of section 10 (2) (d) of the Act, there exist an element of willful deceitfulness along with free riding and passing off. Therefore, the Commission is of the considered view that where there is an evidence that an undertaking as culpable of parasitic copycat packaging, having the obvious foreseeable effect of misleading and causing deceitful confusion in the mind of the ordinary consumer, a violation in term of section 10(2)(d) will be made out."

5.52 In light of the analysis above, the Respondent appears to be in violation of Section 10 (1) of the Act in terms of Section 10 (2) (d) which prohibits *fraudulent use of another's trademark, firm name, or product labeling or packaging*; where its conduct appears to be infringing upon the rights of the Complainant through fraudulent use of Complainant's logo (Bear Device), packaging, color scheme, design and get up of products, trying to pass off its product as that of the Complainant.

⁴ <http://openjurist.org/542/f2d/611/beneficial-corporation-v-federal-trade-commission#fn6>

⁵ In the Matter of show cause notice issued to M/S A.Rahim Foods (Private) limited for deceptive marketing practices.

⁶ Jorge Novais Goncalves, EC. DG Internal Market and Services "Similar Packaging: an IP, competition or a consumer protection matter?"

- 5.53 The Honorable Commission has further held in its order In the Matter of M/s China Mobile Pak Limited and M/s Pakistan Telecom Mobile Limited⁷ (hereinafter referred to as the 'Zong Order') that the term consumer, as referred to in Section 10 of the Act, has to be construed in the widest sense so as to refer to the 'ordinary consumer,' which is distinct from the concept of the 'ordinary prudent man,' as evolved under Contract Law. The Zong Order further holds that 'unlike the "ordinary prudent man" the thrust on ordinary diligence, caution/ duty of care and ability to mitigate (possible inquiries) on the part of the consumer would not be considered relevant factors "when looking at a deceptive commercial practice."
- 5.54 This Enquiry Report shall once again make reference to the DHL Order⁸, where in para 48, the Honorable Commission has made the following references:

'We also would like to refer to the judgments of Hoffmann-La Roche [1978] E.C.R. 1139, para.7, and Philips Electronics NV v Remington Consumer Products Ltd [2002] ECR I-0000; wherein it was held that "the essential function of a trademark is to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin. For the trade mark to be able to fulfill its essential role in the system of undistorted competition, it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality". It is also pertinent to highlight that in the judgments of Arsenal Football Club v. Matthew Reed [2003] RPC 9 and Loendersloot [1997] E.C.R. I-6227 it was observed that "for that guarantee of origin, which constitutes the essential function of a trade mark, to be ensured, the proprietor must be protected against competitors wishing to take unfair advantage of the status and reputation of the trade mark by selling products illegally bearing it.'

- 5.55 It is hence submitted that the consumers of confectionary products are usually children. The majority of these comprise innocent and/or unwary consumers, so much so, that the market is usually driven by the dominant features of the product including the color scheme. This is a fact that all major manufacturers have specific dominant features for their various products, making it easier for the consumers to identify the respective products. Hence, it is not beyond plausibility that an ordinary consumer upon seeing the Respondents' specific colored box or wrapper of the product, may assume the Complainant as the product's rightful manufacturer.
- 5.56 Furthermore, parasitic practices of the Respondent in term of the trade dress used upon its products and the impression created by the product labelling and packaging is bound to lead the ordinary consumer into mistaking the copied products as the originals, thus misleading the unwary purchaser as to the quality and the origin of the products.
- 5.57 In light of para 5.53 to 5.56 above, it is concluded that the packaging of the Respondents' products is capable of giving a wrong impression to the general public regarding the quality

⁷ <http://www.cc.gov.pk/images/Downloads/ZONG%20-%20Order%20-%202029-09-09%20.pdf>

⁸ http://www.cc.gov.pk/images/Downloads/dhl_pakistan.pdf

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of the product and place of production in term of origin, in violation of Section 10 (1) of the Act in terms of Section 10 (2) (b) of the Act.

- 5.58 The Complainant has, vide its Complaint, also alleged that the actions of the Respondents are adversely harming its business interests under clause (a) of subsection (2) of Section 10 of the Act.
- 5.59 It is submitted that the parasitic copying of the Complainant's products reflects the malicious intent to use the Complainant's goodwill, reputation and hard work as a spring board to illegally leverage its own product, thereby causing irreparable harm to the Complainant's business interest.
- 5.60 It is pertinent to point out that part of a business's identity is the goodwill it has established with consumers, while part of a product's identity is the reputation it has earned for quality and value. As a result, businesses spend tremendous amounts of resources to identify their goods, distinguish their services, and cultivate good will.
- 5.61 The undertakings develop a relationship with its customers/consumers by building up its reputation and spend considerable efforts in making the goods and/or services distinct from that of other competitors. Therefore, the goods so sold or services so provided would create goodwill in the mind of wary person and the goodwill owned by the trademark and/or copyright owner on account of the use of similar trademark and/or copyright by the other undertaking would cause a substantial damage to the trademark and/or copyright owner's business and goodwill. Usually, using for a commodity without authorization any of these unique marks or names of another's famous commodity, or counterfeiting or using similar ones of another's famous commodity, thereby misleading the consumers would ultimately have a direct impact on the business of the undertaking whose mark is used without authorization and also on the consumers who may be deceived to purchase the inferior good.
- 5.62 The four principal devices undertakings use to distinguish themselves are trade names, trademarks, service marks, and trade dress. (i). Trade names are used to identify corporations, partnerships, sole proprietorships, and other business entities, (ii). Broadly speaking, a trademark is a sign that individualizes the goods/services of a given enterprise and distinguishes them from the goods/services of others. It can be in the form of words, designs, letters, numerals or packaging, slogans, devices, symbols, etc., (iii). Whereas service marks are attached to goods through tags and labels, service marks are generally displayed through advertising. As their name suggests, service marks identify services rather than goods, and (iv) Trade dress refers to a product's physical appearance, including its size, shape, texture, and design. Trade dress can also include the manner in which a product is packaged, wrapped, presented, or promoted⁹.
- 5.63 In this regard, we note that when an undertaking decides to start the business with a particular name, style or with a particular trademark or copyright, they are duty bound to ascertain and ensure that the same is not being used by any other undertaking. If such caution is not exercised before starting business activity and subsequent marketing campaigns are also launched, the entire responsibility as to the consequences shall rest on the undertaking, who

⁹ <https://law.jrank.org/pages/10981/Unfair-Competition-Trade-Name-Trademark-Service-Mark-Trade-Dress-Infringement.html>

uses the same or similar name and style, trademark or copyright deceptively that was already in the use of or was already owned by the other undertaking.

- 5.64 The Respondent's use of identical trademark, similar trade dress and packaging would result in dilution of the Complainant's brand value which has accrued in favor of the Complainant in respect of trade dress and packaging of its sponge cake BARNI and, as such, capable of harming the business interest of the Complainant.
- 5.65 Therefore, we are of the view that the act of the Respondent is capable of harming the business interest of the Complainant constitutes a, *prima facie*, violation of Section 10(1) of the Act in terms of Section 10(2) (a) of the Act.
- 5.66 As regards the effect of anti-competitive behavior spilling over territorial limits of other provinces is concerned, it is noted that the product of the Respondent is sold nationwide and has a wide network of supply chain. Therefore, the spillover of the Respondent's marketing practices does not stay limited to a certain provincial jurisdiction and warrants action under section 10 of the Act.

6. FINDINGS AND RECOMMENDATIONS:

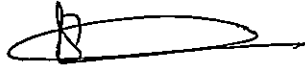
- 6.1 The Respondents' product, under the imitated trademark, is in total disregard to the proprietary rights vested to the Complainant in respect to the trade mark and trade dress, wherein trade dress means and includes *a product's physical appearance, including its size, color, design, and texture. In addition to a product's physical appearance, trade dress may also refer to the manner in which a product is packaged, wrapped, labeled, presented, promoted, or advertised, including the use of distinctive graphics, configurations, and marketing strategies*¹⁰.
- 6.2 In the matter, the Respondent's packaging strongly possesses the ability to mislead the consumers and may induce them to make transactional/ financials decisions based upon the duplication of the Complainant's trade mark and trade dress.
- 6.3 The Respondents' actions are likely to cause even more damage due to the fact that the product's channel of trade and probable customers of the Complainant and those of the Respondent are the same, in the light of which, the customers are, *prima facie*, at the risk of being deceived constantly. The Complainant's business interest is harmed as a result of the Respondents' infringement of the trade mark and trade dress.
- 6.4 In view of the above, it has been established that the Respondent, by using trademark and trade dress of the Complainant, have enjoyed the goodwill and reputation of the Complainant. Therefore, the Respondent has, *prima facie*, entered into deceptive marketing practices, in violation of Section 10 (1) of the Act in terms of Section 10 (2) (a),(b) & (d) of the Act.
- 6.5 It is deducible that misleading information always attracts consumers to purchase the products of low quality which provides undertakings a competitive edge over the competitors. Thus, in order to protect public interest, the undertakings should be discouraged

¹⁰ <http://legal-dictionary.thefreedictionary.com/Trade+Dress>

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from selling their products in a deceptive manner and be directed to adopt such practices which are transparent and give consumers/customers true and correct information about their products.

- 6.6 *Prima Facie* violations under the Act, in terms of the findings & recommendations of this Enquiry Report, warrant initiation of proceedings against M/s English Biscuit Manufacturers (Pvt.) Limited under Section 30 of the Act.



M. Salman Zafar
Sr. Director
(Enquiry Officer)



Riaz Hussain
Deputy Director
(Enquiry Officer)